The Ontario Securities Commission

OSC Bulletin

May 11, 2001

Volume 24, Issue 19

(2001), 24 OSCB

The Ontario Securities Commission Administers the
Securities Act of Ontario (R.S.O. 1990, c.S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

The Ontario Securites Commission
Cadillac Fairview Tower
Suite 800, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Published under the authority of the Commission by:
IHS/Micromedia Limited
20 Victoria Street
Toronto, Ontario
M5C 2N8

416-362-5211 or 1-800-387-2689

Contact Centre - Inquiries, Complaints:	Fax: 593-8122
Capital Markets Branch:	Fax: 593-3651
Capital Markets - Registration:	Fax: 593-8283
Corporate Finance - Filings Team 1:	Fax: 593-8244
Corporate Finance - Filings Team 2:	Fax: 593-3683
Corporate Finance - Continuous Disclosure (Insider Reporting):	Fax: 593-3666
Corporate Finance - Take-Over Bids / Advisory Services:	Fax: 593-8177
Enforcement Branch:	Fax: 593-8321
Executive Offices:	Fax: 593-8241
General Counsel's Office:	Fax: 593-3681
Office of the Secretary:	Fax: 593-2318

The OSC Bulletin is published weekly by Micromedia, a division of IHS Canada, under the authority of the Ontario Securities Commission.

Subscriptions are available from Micromedia limited at the price of $575 per year. Back volumes are also available on microfiche:

2000	$475
1999	$450
1997-98	$400/yr
1995-1996	$385/yr
1994:	$370
1993:	$275
1992:	$250
1981-1991:	$175/yr

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $35.00 per copy as long as supplies are available. OSC Bulletin Plus, a full text searchable CD-ROM containing OSC Bulletin material from January 1994 is available from Micromedia Limited. Online web subscriptions are available at

"http://circ.ihscanada.ca/"

Claims from bona fide subscribers for missing issues will be honoured by Micromedia up to one month from publication date. After that period back issues will be available on microfiche only.

Full copies of both Insider Reports and Public Filings listed in Chapters 7 and 10 respectively are available from: Demand Documents Department, Micromedia, 20 Victoria Street, Toronto, Ontario M5C 2N8 (416) 362-5211, extension 2211.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

ISSN 0226-9325

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

May 11, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Telephone: 416- 597-0681 Telecopiers: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Howard Wetston, Q.C., Vice-Chair	—	HW
Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C.	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 Mr. A.Graburn in attendance for staff. Panel: TBA
May 7/2001- May 18/2001 10:00 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 Mr. I. Smith in attendance for staff. Panel: HIW / DB / MPC
May 28 and May 30 / 2001 10:00 a.m.	**Robert Bruce Kyle & Derivative Services Inc.** s. 8 (4) Ms. Johanna Superina in attendance for staff. Panel: JAG/PMM
August 13/ 2001 10:00 a.m.	**Jack Banks et al.** s. 127 Mr. Tim Moseley in attendance for staff. Panel: TBA

ADJOURNED SINE DIE

Michael Bourgon

DJL Capital Corp. and Dennis John Little

Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

M.C.J.C. Holdings Inc. and Michael Cowpland

Offshore Marketing Alliance and Warren English

Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Eizenga, Guy Fangeat, Richard Jules Fangeat, Michael Hersey, George Edward Holmes, Todd Michael Johnston, Michael Thomas Peter Kennelly, John Douglas Kirby, Ernest Kiss, Arthur Krick, Frank Alan Latam, Brian Lawrence, Luke John Mcgee, Ron Masschaele, John Newman, Randall Novak, Normand Riopelle, Robert Louis Rizzuto, And Michael Vaughan

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

Wayne Umetsu

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced	**Michael Cowpland and M.C.J.C. Holdings Inc.** s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
Jan 29/2001 - Jun 22/2001	**John Bernard Felderhof** Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
May 25, 2001 10:00 a.m. Courtroom N	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
September 17/2001 9:30 a.m.	**Einar Bellfield** s. 122 Ms. Sarah Oseni in attendance for staff. Courtroom 111, Provincial Offences Court Old City Hall, Toronto

Reference: John Stevenson
Secretary to the
Ontario Securities Commission
(416) 593-8145

1.1.2 NI 55-101 Exemption from Certain Insider Reporting Requirements

NOTICE OF MINISTER OF FINANCE APPROVAL OF NATIONAL INSTRUMENT 55-101 EXEMPTION FROM CERTAIN INSIDER REPORTING REQUIREMENTS

On April 11, 2001, the Minister of Finance approved National Instrument 55-101 Exemption from Certain Insider Reporting Requirements (the "National Instrument") as a rule under the Act. The purpose of the National Instrument is to provide certain insiders of a reporting issuer with certain exemptions from the obligation to file insider reports under Canadian securities legislation.

Previously, materials related to the National Instrument and Companion Policy 55-101 CP Exemption from Certain Insider Reporting Requirements (the "Companion Policy") were published in the Bulletin on August 20, 1999 at (1999) 22 OSCB 5161, June 16, 2000 at (2000) 23 OSCB 4212, and February 23, 2001 at (2001) 24 OSCB 1283.

The National Instrument and the Companion Policy will come into effect on May 15, 2001.

In connection with the implementation of the National Instrument, section 172 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is revoked, effective May 15, 2001. Relief in respect of the same subject matter is being provided by Parts 5 and 7 of the National Instrument.

Ontario Securities Commission Policy 10.1 Applications for Exemption from Insider Reporting Obligations for Insiders of Subsidiaries and Affiliated Issuers is similarly rescinded effective May 15, 2001.

The final National Instrument and Companion Policy are being published in Chapter 5 of this issue of the Bulletin. The National Instrument together with the Regulation amending Regulation 1015 will also be published in the Ontario Gazette on May 12, 2001.

1.1.3 NI 33-102 Regulation of Certain Registrant Activities

NATIONAL INSTRUMENT 33-102 REGULATION OF CERTAIN REGISTRANT ACTIVITIES

The Commission is publishing in today's Bulletin National Instrument 33-102: *Regulation of Certain Registrant Activities* (the "Rule") and a Notice, Companion Policy and Regulation respecting the National Instrument.

The Notice, National Instrument, Companion Policy and Regulation are published in Chapter 5 of the Bulletin.

1.1.4 CSA Request for Comments - Joint Forum of Financial Market Regulators Discussion Paper Proposed Regulatory Principles for Capital Accumulation Plans

JOINT FORUM OF FINANCIAL MARKET REGULATORS
DISCUSSION PAPER
PROPOSED REGULATORY PRINCIPLES
FOR CAPITAL ACCUMULATION PLANS

On April 27, 2001, the Joint Forum of Financial Market Regulators, including the Canadian Securities Administrators, released for comment a discussion paper entitled "Proposed Regulatory Principles for Capital Accumulation Plans". The paper has been published on our website under CSA Notice 81-401 and in Chapter 6 of this issue of the Bulletin.

The paper proposes broad regulatory principles for disclosure and other regulatory protection for investors who belong to capital accumulation plans. In this paper, capital accumulation plans include defined contribution pension plans, group registered retirement savings plans, deferred profit sharing plans and employee profit sharing plans.

The regulatory principles are focused on providing a similar level of protection to investors in each of these types of capital accumulation plans, regardless of which regulatory legislation applies to the plan.

Information on the consultation process is set out in the discussion paper. All comments received by July 31, 2001 will be considered.

May 11, 2001.

1.2 News Releases

1.2.1 Jack Banks & Larry Weltman

OSC PROCEEDINGS AGAINST JACK BANKS AND LARRY WELTMAN ADJOURNED TO AUGUST 13, 2001

Toronto - At a hearing today before the Ontario Securities Commission (the Commission"), the proceeding against Jack Banks and Larry Weltman, two directors and principals of LaserFriendly Inc. (otherwise known as Gaming Lottery Corporation, GLC Corporation and GalaxiWorld.com), was adjourned to August 13, 2001. That attendance will take place at 10:00 AM in the Commission's Large Hearing Room, on the 17th floor, 20 Queen Street West, Toronto. The purpose of the attendance will be to set a date for the hearing of the matter.

Copies of the Notice of Hearing and Statement of Allegations are available at www.osc.gov.on.ca or from the Commission, 19th Floor, 20 Queen Street West, Toronto.

References:

Michael Watson
Director of Enforcement
(416) 593-8156

Jean-Pierre Maisonneuve
Communications Officer
(416) 595-8913

This Page Intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Investors Group Inc. et al. - MRRS Decision

Headnote

Exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(a) and (c) and 118(2)(a) and (b) of the *Securities Act* (Ontario) to allow certain mutual funds to tender shares of the target company held by those funds to the offer made for such shares by the manager of the mutual funds in the context of a take-over bid. Requirement for mutual funds to divest securities of a related party received pursuant to a take-over transaction over a certain period of time (9 months).

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am., 111(2)(a) and (c) and 118(2)(a) and (b).

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
LONDON LIFE INVESTMENT MANAGEMENT LTD.
MAXXUM FUND MANAGEMENT INC.
INVESTORS GROUP INVESTMENT MANAGEMENT (QUEBEC) LTD.

AND

INVESTORS CANADIAN EQUITY FUND
INVESTORS CANADIAN ENTERPRISE FUND
INVESTORS MUTUAL OF CANADA
IG MAXXUM DIVIDEND FUND
IPROFILE CANADIAN EQUITY POOL
INVESTORS RETIREMENT MUTUAL FUND
INVESTORS SMALL CAP FUND
INVESTORS SUMMA FUND
LLIM BALANCED STRATEGIC GROWTH FUND
LLIM CANADIAN DIVERSIFIED EQUITY FUND
LLIM INCOME PLUS FUND
MAXXUM CANADIAN EQUITY FUND
MAXXUM DIVIDEND FUND
IG SCEPTRE CANADIAN BALANCED FUND
IG SCEPTRE CANADIAN EQUITY FUND
(THE "FUNDS")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application (the "Application") from Investors Group Inc. ("Investors Group") on behalf of the Funds and on behalf of I.G. Investment Management, Ltd. ("IGIM"), London Life Investment Management Ltd. ("LLIM"), Maxxum Fund Management Inc. ("MFM") and Investors Group Investment Management (Québec) Ltd. ("IGIM Quebec") (collectively, the " IG Portfolio Managers") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation do not apply to the IG Portfolio Managers or the Funds in respect of Investors Group's cash and securities exchange offer to purchase all of the common shares (the "Mackenzie Shares") of Mackenzie Financial Corporation ("Mackenzie") by way of a formal take-over bid (the "Offer"):

(a) except in Quebec, the provision prohibiting a mutual fund from knowingly making or holding an investment

  (i) in a person or company who is a substantial security holder of the mutual fund, its management company or distribution company, or

  (ii) in an issuer in which

    (A) any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or

    (B) any person, or company who is a substantial security holder of the mutual fund, its management company or its distribution company,

  has a significant interest (the "Investment Restriction"); and

(b) the provision prohibiting a portfolio manager, or, in British Columbia, the mutual fund or "responsible person", from knowingly causing an investment portfolio managed by it to

(i) invest in any issuer in which a responsible person (as defined in the Legislation) or an associate of a responsible person is an officer of director unless the specific fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase, or

(ii) purchase or sell the securities of any issuer from or to the account of a responsible person, any associate of a responsible person or the portfolio manager (the "Portfolio Manager Restriction");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application:

AND WHEREAS Investors Group has represented to the Decision Makers that:

1. Investors Group is a reporting issuer in each of the provinces of Canada. Investors Group operates through its affiliates who are the trustee and manager of the Funds. Investors Group does not make investment decisions for the Funds, but the trustee of the Funds retains portfolio advisers to do so.

2. Mackenzie is a public company incorporated under the *Business Corporations Act* (Ontario). The Mackenzie Shares are listed on the Toronto Stock Exchange and quoted on Nasdaq in the United States. Mackenzie is registered with the Ontario Securities Commission, the Alberta Securities Commission and the Manitoba Securities Commission as an investment counsel and portfolio manager. Mackenzie is a reporting issuer in all applicable provinces and territories of Canada.

3. Mackenzie's authorized capital consists of an unlimited number of Mackenzie Shares. As at January 19, 2001, there were 128,739,147 issued and outstanding Mackenzie Shares (138,285,753 on a fully diluted basis). Mackenzie has no controlling shareholder.

4. The Offer has been made by Investors Group pursuant to a support agreement dated January 26, 2001 between Mackenzie and Investors Group.

5. Pursuant to the Offer, Investors Group prepared a take-over bid circular (the "Bid Circular") containing, among other things, prospectus-level disclosure regarding Investors Group and a detailed description of the Offer, and has distributed it to all holders of Mackenzie Shares (the "Mackenzie Shareholders") in accordance with the Legislation.

6. The Funds are Mackenzie Shareholders and together own approximately 2.55% of the outstanding Mackenzie Shares.

7. Following the successful completion of the Offer, and assuming that the maximum number of Investors Group shares are issued under the Offer, the Funds collectively will own approximately 0.5% of the outstanding shares of Investors Group and less than 1.5% of the outstanding number of Investors Group shares, excluding shares held by related parties.

8. The distribution company for each of LLIM Balanced Strategic Growth Fund, LLIM Canadian Diversified Equity Fund, LLIM Income Plus Fund, MAXXUM Canadian Equity Fund and MAXXUM Dividend Fund (the "LL Funds") is Quadrus Investment Services Ltd. ("Quadrus"). The management company for each of the LL Funds is either MFM or LLIM. Each of Quadrus and LLIM is indirectly owned by, and is an affiliate of, Power Financial Corporation ("PFC"), which holds approximately 67% of the outstanding Investors Group shares. Therefore, PFC has a significant interest in Investors Group and is a substantial security holder of each of Quadrus and LLIM.

9. The distribution company for each of the Funds other than the LL Funds is either Investors Group Financial Services Inc. or Les Services Investors Limitee, each of which is indirectly wholly-owned by Investors Group. Therefore, Investors Group is a substantial security holder of the distribution company of the Funds other than the LL Funds.

10. The management company for each of the Funds other than IG Sceptre Canadian Balanced Fund, IG Sceptre Canadian Equity Fund or the LL Funds is IGIM, which is indirectly wholly-owned by Investors Group. IGIM Quebec, which is also indirectly wholly-owned by Investors Group, performs portfolio manager functions for one of the Funds (Investors Mutual of Canada). The management company for two of the LL Funds (MAXXUM Canadian Equity Fund and MAXXUM Dividend Fund) is MFM, which is also indirectly wholly-owned by Investors Group. Therefore, Investors Group is a substantial security holder of IGIM, IGIM Quebec and MFM.

11. At least one director or officer of Investors Group is also a director or officer of each of the IG Portfolio Managers, other than LLIM.

12. As at January 31, 2001, PFC owned approximately 67.9% of the outstanding Investors Group shares, and, assuming the successful completion of the Offer, will own more than 50% of the Investors Group shares that will be outstanding after the Offer.

13. In connection with the Offer, Mackenzie Shareholders will be given the opportunity to receive, for every Mackenzie Share deposited under the Offer:

(a) an amount in cash subject to pro-ration (the "Cash Option"); or

(b) common shares of Investors Group subject to pro-ration (the "Share Option"); or

(c) any combination of the Cash Option and the Share Option, again subject to pro-ration.

14. In the absence of the Decision, the Investment Restriction would preclude the Funds from receiving the Share Option or a combination of the Cash Option and

the Share Option because the Investment Restriction prohibits the Funds from acquiring and holding Investors Group shares.

15. In the absence of the Decision, the Portfolio Manager Restriction would prohibit the IG Portfolio Managers from causing the Funds to effectively sell their holdings of Mackenzie Shares to Investors Group and to effectively purchase Investors Group shares under the Offer, given that Investors Group is a "responsible person" as defined in the Legislation and given that at least one officer or director of Investors Group is an officer or director of the IG Portfolio Managers, other than LLIM.

16. Each portfolio manager of each Fund has made or will make its decision on whether to tender Mackenzie Shares into the Offer without independent advice and solely on the basis of the best interests of the securityholders of the Fund, in conformity with fiduciary duties owed to each Fund and its securityholders, and having regard to the terms of the Offer, particularly the price, and all other investment considerations determined by the portfolio manager to be relevant to the decision. At the time the decision to tender to the Offer was or will be made, the portfolio managers had or will have no information about the number of Mackenzie Shares that have already been tendered to the Offer.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the Decision of each Decision Maker;

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation in connection with the Offer is that the Funds are exempt from the Investment Restriction and the IG Portfolio Managers are exempt from the Portfolio Manager Restriction solely to enable the Funds to tender their holdings of Mackenzie Shares to the Offer and to elect (or be deemed to elect) to receive Investors Group shares as full or partial consideration, provided that

(a) the Funds divest all or a portion of the Investors Group shares as quickly as is commercially reasonable, so that, no later than 9 months from the date of acquisition of such Investors Group shares, the Funds do not hold any Investors Group shares; and

(b) the Funds do not vote such Investors Group shares at any meeting of Investors Group shareholders.

April 12, 2001.

"Paul Moore" "Robert W. Davis"

2.1.2 Rider Resources Inc. & Roberts Bay Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from identical consideration requirement in connection with a take-over bid to permit the payment of sale proceeds in lieu of shares of the offeror to holders of offeree shareholders resident in foreign jurisdictions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 97(1) and 104(2)(c).

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA AND ONTARIO

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
RIDER RESOURCES INC. AND
ROBERTS BAY RESOURCES LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, and Ontario (the "Jurisdictions") has received an application from Rider Resources Inc. ("Rider" or the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that in connection with Rider's offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Common Shares") of Roberts Bay Resources Ltd. ("Roberts Bay") and Common Shares issued on the exercise of currently outstanding options or other rights to purchase Common Shares on the basis of one common share of Rider ("Rider Shares") for every three Common Shares, Rider shall be exempt from the requirement in the Legislation to offer all holders of the same class of securities identical consideration (the "Identical Consideration Requirement") insofar as certain holders of Common Shares who accept the Offer will receive the cash proceeds from the sale of Rider Shares in accordance with the procedure described in paragraph 3.13 below, instead of receiving Rider Shares;

2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

3. **AND WHEREAS** the Applicant has represented to the Decision Makers that:

3.1 Rider is a public company incorporated under the *Business Corporations Act* (Alberta) and Rider's head office is located in Calgary, Alberta;

3.2 the Rider Shares are listed on The Toronto Stock Exchange (the "TSE") and Rider is a reporting issuer for the purposes of certain Canadian securities legislation;

3.3 Rider is not in default of any requirement of the Legislation;

3.4 Roberts Bay is a public company incorporated under the Business Corporations Act (Alberta);

3.5 the Common Shares are listed on the Canadian Venture Exchange Inc. and Roberts Bay is a reporting issuer for the purposes of certain Canadian securities legislation;

3.6 Rider mailed a take-over bid circular with respect to the proposed Offer on March 30, 2001;

3.7 under the terms of the Offer, the holders of Common Shares are entitled to receive one Rider Share for every three Common Shares they hold;

3.8 the Offer is being made in compliance with the Legislation except to the extent that exemptive relief is granted;

3.9 the Rider Shares issuable under the Offer to shareholders of Roberts Bay resident in the United States ("U.S. Shareholders") have not been and will not be registered under the *United States Securities Act of 1933* and, accordingly, the delivery of Rider Shares to U.S. Shareholders without further action by Rider may constitute a violation of the laws of the United States;

3.10 the registered list of holders of the Common Shares dated February 20, 2001 indicates that U.S. Shareholders, as reflected on such list, hold approximately 0.47% of the Common Shares;

3.11 the registered list of holders of the Common Shares dated February 20, 2001 indicates that holders of Common Shares who are resident in foreign countries other than the United States ("Foreign Shareholders") as reflected on such list, hold approximately 0.002% of the Common Shares;

3.12 each holder of Common Shares who is resident in the United States or in any other foreign country, or who appears to Rider or to CIBC Mellon Trust Company (the "Depositary") to be resident in the United States or any other foreign country, may only receive cash for his Shares unless the issuance of Rider Shares is permitted under local securities laws in such foreign country without being registered or qualified for issuance;

3.13 Rider proposes to deliver Rider Shares to the Depositary for sale of such Rider Shares by the Depositary on behalf of U.S. Shareholders and Foreign Shareholders, and all Rider Shares that the Depositary is requires to sell will be pooled and sold by the Depositary through the TSE in a manner that is intended to minimize any adverse effect such a sale could have on the market price of Rider shares as soon as reasonably possible after the date Rider first takes up any of the Roberts Bay Shares tendered by U.S. Shareholders or Foreign Shareholders; as soon as reasonably possible after completion of such sale, and in any event no later than three business days after completion of such sale, the Depositary will deliver to each U.S. Shareholder and each Foreign Shareholder whose Rider Shares have been sold by the Depositary a cheque in Canadian funds in an amount equal to the pro rata share of the proceeds of sale (net of all applicable commissions and withholding taxes) of such U.S. Shareholder or such Foreign Shareholder, as the case may be, of all Rider Shares sold by the Depositary;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **THE DECISION** of the Decision Makers under the Legislation is that in connection with the Offer, Rider is exempt from the Identical Consideration Requirement, insofar as U.S. Shareholders and Foreign Shareholders who accept the Offer will receive the cash proceeds from the Depositary's sale of the Rider Shares in accordance with the procedure set out in paragraph 3.13 above, instead of receiving such Rider Shares.

April 20, 2001.

"Stephen P. Sibold" "Walter B. O'Donoghue"

2.1.3 Rider Resources Inc. & Roberts Bay Resources Ltd. - MRRS Decision

Headnote

MRRS for Exemptive Relief Applications - Take-over bid - Offeror has entered into understanding with three selling securityholders who are directors or senior officers of offeree issuer that they will become directors or officers of offeror or target following the bid - Decision that agreements are being made for reasons other than to increase the value of the consideration paid to the directors and officers for their shares of the offeree issuer and that the agreements may be entered into despite the prohibition against collateral benefits.

Statues Cited

Securities Act, R.S.O. 1990, c.S5, as amended., ss. 97(2) and 104(2)(a).

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA AND ONTARIO

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
RIDER RESOURCES INC. AND
ROBERTS BAY RESOURCES LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, and Ontario (the "Jurisdictions") has received an application from Rider Resources Inc. ("Rider") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that understandings entered into with certain holders of common shares of Roberts Bay Resources Ltd. ("Roberts Bay"): (i) were entered into for reasons other than to increase the value of the consideration paid to such shareholders for their common shares; and (ii) may be entered into despite the provision contained in the Legislation which provides that if an offeror makes or intends to make a take-over bid or issuer bid, neither the offeror nor any person or company acting jointly or in concert with the offeror shall enter into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to the other holders of the same class of securities (the "Collateral Benefit Prohibition");

2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

3. **AND WHEREAS** Rider has represented to the Decision Makers that:

   3.1 Rider is a public company incorporated under the *Business Corporations Act* (Alberta) and is headquartered in Calgary;

   3.2 the common shares of Rider (the "Rider Shares") are listed on The Toronto Stock Exchange and Rider is a reporting issuer for the purposes of certain Canadian securities legislation;

   3.3 Roberts Bay is a public company incorporated under the *Business Corporations Act* (Alberta) whose common shares are listed on the Canadian Venture Exchange Inc. and which is a reporting issuer for the purposes of certain Canadian securities legislation;

   3.4 the authorized capital of Roberts Bay consists of an unlimited number of common shares and an unlimited number of preferred shares. As at February 21, 2001, there were 21,499,840 common shares and no preferred shares outstanding as well as outstanding options or warrants to acquire 1,914,000 common shares;

   3.5 Rider mailed a take-over bid offer and circular (the "Offer") with respect to a proposed take-over bid for all of the issued and outstanding common shares of Roberts Bay (the "Common Shares") on March 30, 2001;

   3.6 under the terms of the Offer, the holders of Common Shares are entitled to receive one Rider Share for every three Common Shares they hold;

   3.7 Robin Hugo ("Robin Hugo") is the holder of 1,922,000 Common Shares and 475,000 options to purchase Common Shares, or approximately 10.24% (on a fully diluted basis) of the outstanding Common Shares of Roberts Bay. Robin Hugo is currently the President of Roberts Bay;

   3.8 G. Ramon Hugo ("Ray Hugo") is the holder of 6,573,412 Common Shares and options to acquire 800,000 Common Shares, or approximately 31.49% (on a fully diluted basis) of the outstanding Common Shares (fully diluted) of Roberts Bay. Ray Hugo is currently a director of Roberts Bay;

   3.9 M. Scott Wilson ("Wilson") is the holder of 25,000 Common Shares and options to purchase 214,000 Common Shares, or approximately 1.02% (on a fully diluted basis) of the outstanding Common Shares (fully diluted) of Roberts Bay. Wilson is currently a director of Roberts Bay;

3.10 Rider has entered into an understanding (the "Understandings") with each of Robin Hugo, Ray Hugo and Wilson (the "Key Principals") based on a pre-acquisition agreement executed by Rider and Roberts Bay on March 19, 2001 wherein Rider agreed, promptly upon acquiring at least 66⅔% of the outstanding Common Shares, to use its reasonable best efforts to cause the resignation of certain of its directors and to have Robin Hugo appointed VP Land of Rider and each of Ray Hugo and Wilson appointed as directors of Rider;

3.11 the primary purpose of appointing Robin Hugo as VP Land is to provide for continuity of senior management rather than to increase the value of the consideration paid to Robin Hugo for his Common Shares. In addition, Robin Hugo is very familiar with the history of Roberts Bay and the properties being acquired by Rider pursuant to the Offer;

3.12 the directors and officers of Roberts Bay and certain shareholders of Roberts Bay representing approximately 63% (on a fully diluted basis) of the outstanding Common Shares have entered into standard lock-up agreements with Rider;

3.13 Robin Hugo will be paid the same salary as VP Land of Rider that he currently receives as the President of Roberts Bay. Also, in the event he leaves the employ of Rider, Robin Hugo will not be entitled to any severance obligation beyond what he is entitled to receive at common law;

3.14 as directors of Rider, Ray Hugo and Wilson will each be entitled to receive a fee of $300 per special meeting and $500 per board meeting. The Understandings provide for identical compensation to that which Rider currently pays to its directors;

3.15 the Understandings have been entered into for valid business reasons on commercially reasonable terms unrelated to the Key Principal's holdings of the Common Shares and not for the purposes of conferring an economic or collateral benefit on the Key Principals that other holders of the Common Shares will not enjoy or increasing the value of the consideration to be paid to the Key Principals pursuant to the Offer; and

3.16 the Offer is being made in compliance with the Legislation of the Jurisdictions, except to the extent that exemptive relief is granted in respect of the Collateral Benefit Prohibition;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **THE DECISION** of the Decision Makers under the Legislation is that:

6.1 the Understandings were entered into for reasons other than to increase the value of the consideration to be paid to the Key Principals for their Common Shares; and

6.2 the Understanding may be entered into despite the Collateral Benefit Prohibition.

April 23, 2001.

"Eric T. Spink" "Thomas G. Cooke"

2.1.4 Mackenzie Industrial Pension Fund - MRRS Decision

Headnote

Exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(a) and (c) and 111(3) of the *Securities Act* (Ontario) to allow certain mutual funds to continue to hold securities of companies that become related to the mutual funds pursuant to a take-over transaction. Requirement for mutual funds to divest securities of related companies over certain time periods (maximum 48 months).

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am., 111(2)(a) and (c) and 111(3).

IN THE MATTER OF
THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MACKENZIE INDUSTRIAL PENSION FUND
MACKENZIE INDUSTRIAL HORIZON FUND
MACKENZIE INDUSTRIAL BALANCED FUND
MACKENZIE INDUSTRIAL DIVIDEND GROWTH FUND
MACKENZIE INDUSTRIAL INCOME FUND
MACKENZIE IVY ENTERPRISE FUND
MACKENZIE IVY GROWTH AND INCOME FUND
MACKENZIE IVY CANADIAN FUND
MACKENZIE HORIZON CAPITAL CLASS
MACKENZIE IVY CANADIAN CAPITAL CLASS
MACKENZIE IVY ENTERPRISE CAPITAL CLASS
MACKENZIE UNIVERSAL FUTURE CAPITAL CLASS
MACKENZIE UNIVERSAL SELECT MANAGERS CANADA CAPITAL CLASS
MACKENZIE UNIVERSAL CANADIAN BALANCED FUND
MACKENZIE UNIVERSAL FUTURE FUND
MACKENZIE UNIVERSAL SELECT MANAGERS CANADA FUND
CLARICA EQUITY FUND
CLARICA GROWTH AND INCOME FUND
CLARICA DIVIDEND FUND
KEYSTONE SCEPTRE EQUITY FUND
KEYSTONE AGF EQUITY FUND
KEYSTONE SPECTRUM EQUITY FUND
(the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Mackenzie Financial Corporation ("Mackenzie"), on behalf of the Funds, for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions do not apply in connection with Investors Group Inc.'s ("IG") cash and securities exchange offer to purchase all of the outstanding common shares of Mackenzie by way of a formal take-over bid (the "Offer"):

(a) the provision prohibiting a mutual fund from knowingly holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company; and

(b) the provision prohibiting a mutual fund from knowingly holding an investment in an issuer in which a substantial security holder of the mutual fund, its management company or its distribution company has a significant interest (collectively, the "Investment Restrictions").

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this Application;

AND WHEREAS it has been represented by Mackenzie to the Decision Makers that:

1. The Funds are open-ended mutual fund trusts established, or mutual fund corporations incorporated, under the laws of the Province of Ontario.

2. Mackenzie is the trustee, manager and registrar of each of the Funds except Clarica Equity Fund, Clarica Growth and Income Fund and Clarica Dividend Fund for which it is retained as advisor.

3. The securities of the Funds are offered for sale in all of the provinces and territories of Canada. Each of the Funds is a reporting issuer under the Legislation and is not on a list of defaulting issuers maintained under the Legislation.

4. On January 26, 2001, IG and Mackenzie entered into a support agreement (the "Support Agreement") under which, among other things, (i) IG agreed to make an offer for all of the outstanding common shares of Mackenzie on the terms set forth in the Support Agreement; and (ii) Mackenzie represented that the board of directors of Mackenzie determined unanimously that such offer is fair to shareholders and is in the best interest of Mackenzie and resolved to recommend to shareholders that they accept the offer.

5. IG sent to all Mackenzie shareholders the Offer and accompanying circular dated February 15, 2001. In a directors' circular dated February 23, 2001, the directors of Mackenzie recommended that shareholders of Mackenzie accept the Offer. Mackenzie anticipates that IG will purchase all of the outstanding common

shares of Mackenzie as outlined in the Offer and thereby complete the transaction (the "Transaction").

6. Power Financial Corporation ("PFC") is controlled by Power Corporation of Canada ("PCC") which holds more than 67% of the outstanding common shares of PFC. PFC owns more than 67% of the outstanding common shares in the capital of IG. PFC also owns 65% of the outstanding voting securities of Great-West Lifeco Inc. ("Lifeco"), and has an 80.2% economic interest therein. As of the completion of the Transaction, IG will own 100% of the outstanding common shares of Mackenzie.

7. Pursuant to the Legislation, as of the completion of the Transaction, IG, PFC and PCC will be substantial security holders of Mackenzie and Lifeco will be an issuer in which a substantial security holder of Mackenzie has a significant interest.

8. Each of the Funds owns voting securities of one or more of IG, PFC, PCC or Lifeco (collectively, the "Related Companies"). Collectively, as of April 6, 2001, the Funds held 2.2% of the shares of Lifeco, 2.11% of the shares of PFC, 3.95% of the shares of PCC and 0.28% of the shares of IG.

9. The shares of each of the Related Companies are traded on the Toronto Stock Exchange. For the year 2000, the volume of trading of Lifeco was approximately 24.7 million shares, of PFC was 55.8 million shares, of PCC was 70.4 million shares and of IG was 40.5 million shares.

10. The Funds have not made any investment in securities of the Related Companies following the execution of the Support Agreement. The Funds will not make any further purchases of securities of the Related Companies unless and until the Offer is not accepted by the Mackenzie shareholders, the Transaction does not take place as set forth in the Support Agreement or the Offer is withdrawn, whichever is earlier.

11. At the time the securities of the Related Companies were purchased, the Related Companies were not affiliated with the Funds or Mackenzie, and each investment by the Funds in the securities of the Related Companies represented the business judgement of professional portfolio advisers uninfluenced by considerations other than the best interests of the unitholders of the Funds.

12. In the absence of the Decision, the Funds would be required to divest of securities of the Related Companies not later than the date of completion of the Transaction.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Investment Restrictions do not apply so as to prevent the Funds from holding their investments in the securities of the Related Companies beyond the date of completion of the Transaction, provided that

(a) the Funds do not make any additional purchases of securities of a Related Company;

(b) the Funds divest all or a portion of the securities of the Related Companies as quickly as is commercially reasonable, so that:

  (i) no later than 48 months from the date of completion of the Transaction, the Funds do not hold any securities of Lifeco;

  (ii) no later than 6 months from the date of completion of the Transaction, the Funds do not hold any securities of IG;

  (iii) no later than 18 months from the date of completion of the Transaction, the Funds do not hold any securities of PFC; and

  (iv) no later than 12 months from the date of completion of the Transaction, the Funds do not hold any securities of PCC; and

(c) the Funds do not vote the securities of the Related Companies at any meetings of shareholders of the Related Companies.

April 17, 2001.

"Paul Moore" "Howard I. Wetston"

2.1.5 International Forest Products Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from the requirement to provide identical consideration to all offeree shareholders - shareholders of offeree resident in the United States of America and holding a small number of shares to receive cash instead of shares.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., subsections 97(1) and 104(2)(c).

IN THE MATTER OF
THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUÉBEC, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
INTERNATIONAL FOREST PRODUCTS LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from International Forest Products Limited ("Interfor") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to offer holders of the same class of securities identical consideration (the "Identical Consideration Requirement"), shall not apply in connection with Interfor's offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Primex Shares") of Primex Forest Products Ltd. ("Primex"), not owned by Interfor or its affiliates, insofar as it relates to the U.S. Holders (as defined below);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS Interfor has represented to the Decision Makers that:

1. Interfor is a company continued by amalgamation under the laws of British Columbia with its head office in Vancouver, British Columbia; Interfor is engaged in the business of logging and sawmilling and is a producer of wood products;

2. Interfor is a reporting issuer or the equivalent under the securities legislation in each province of Canada and is not in default of any requirement of such legislation;

3. the authorized capital of Interfor consists of 100,000,000 Class "A" subordinate voting shares (the "Interfor A Shares"), 1,700,000 Class "B" common shares (the "Interfor Common Shares") and 5,000,000 preference shares of which there were 31,066,262 Interfor A Shares, 1,015,779 Interfor Common Shares and no preference shares issued and outstanding as at December 31, 2000;

4. the Interfor A Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

5. Primex is a company incorporated under the laws of British Columbia with its head office in Delta, British Columbia; Primex is engaged in the business of sawmilling and is a producer of wood products;

6. Primex is a reporting issuer in each of British Columbia and Ontario and is not in default of any requirement of the Legislation of British Columbia or Ontario;

7. based on publicly available information, there were 16,439,028 Primex Shares issued and outstanding as at March 12, 2001;

8. the Primex Shares are listed and posted for trading on the TSE;

9. on March 30, 2001, Interfor made the Offer; under the Offer, any holder of Primex Shares (a "Primex Shareholder") who accepts the Offer will receive, at the Primex Shareholder's election, for each Primex Share validly tendered under the Offer, either $6.65 in cash (the "Cash Alternative"), 1.5647 Interfor A Shares (the "Share Alternative") or any combination of cash and Interfor A Shares such that the total consideration to be received for each Primex Share is $6.65, valuing each Interfor A Share at $4.25 (the "Split Alternative"), except that the maximum number of Interfor A Shares to be issued under the Offer is limited to 15% of the total consideration to be paid by Interfor under the Offer;

10. based on the Primex Shareholder list, there are four Primex Shareholders who are resident in the United States (the "U.S. Holders") holding 139,800 Primex Shares, which constitutes 0.85% of the total issued and outstanding Primex Shares;

11. the Interfor A Shares issuable under the Offer have not been and will not be registered or otherwise qualified for distribution under the applicable securities legislation in the United States (the "U.S. Law"); accordingly, the delivery of Interfor A Shares to U.S. Holders under the Share Alternative or Split Alternative may constitute a violation of U.S. Law;

12. although Interfor is eligible to make use of the multijurisdictional disclosure system for Canadian issuers adopted by the United States Securities and Exchange Commission, it is of the view that the time and expense required to obtain registration under the

U.S. Law and to obtain "blue sky" clearance from applicable state securities regulators regarding the Interfor A Shares issuable under the Share Alternative or Split Alternative to U.S. Holders would be unduly onerous; the maximum number of Interfor A Shares that could be issued to U.S. Holders is approximately 32,000 Interfor A Shares which, as of the date of the Offer, would have a market value of approximately $136,000;

13. the U.S. Holders who elect the Split Alternative or Share Alternative under the Offer will be deemed to have elected the Cash Alternative; and

14. the Offer will be made in compliance with the Legislation, except to the extent that exemptive relief is granted;

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that Interfor is exempt from the Identical Consideration Requirement insofar as the U.S. Holders who accept the Offer will be deemed to have accepted the Cash Alternative.

April 30, 2001.

"Derek E. Patterson"

2.1.6 Credential Securities Inc. and Credential Direct - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, pursuant to section 4.1 of OSC Rule 31-505, subject to the terms and conditions set out in the Decision Document.

Decision pursuant to s.21.1(4) of the Act, that the IDA Suitability Requirements do not apply to the Filer, subject to the terms and conditions set out in the Decision Document.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4).

Ontario Rules Cited

Ontario Securities Commission Rule 31-505 Conditions of Registration (1999) 22 O.S.C.B. 731.

IDA Regulations Cited

IDA Regulation 1300.1(b), 1800.5(b), 1900.4.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA, AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
CREDENTIAL SECURITIES INC. AND CREDENTIAL DIRECT

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Credential Securities Inc. (the "Filer"), in respect of its independently operating on-line trading business unit, Credential Direct ("Credential Direct"), for:

(a) a decision under the legislation of each Jurisdiction (the "Legislation") that the requirements of the Legislation requiring Credential Direct and its registered salespersons, partners, officers and directors ("Registered Representatives") to make inquiries of each client of Credential Direct as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's

account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (collectively, the "Suitability Requirements") do not apply to Credential Direct and its Registered Representatives; and

(b) a decision under the Legislation, other than the securities legislation of Newfoundland and Nova Scotia, that the requirements of the Investment Dealers Association of Canada (the "IDA"), in particular IDA Regulation 1300.1(b), 1800.5(b) and 1900.4, requiring Credential Direct and its Registered Representatives to make inquiries of each client of Credential Direct as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (collectively, the "IDA Suitability Requirements") do not apply to Credential Direct and its Registered Representatives;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. the Filer is a corporation incorporated under the Canada Business Corporations Act on September 27, 1995, is a member of the IDA, and is registered in each of the Jurisdictions except Nova Scotia where applications for registration have been made;

2. Credential Direct is a division of the Filer that operates as an independent business unit using its own letterhead, accounts, registered representatives and account documentation;

3. Credential Direct is a trade name of the Filer registered with each Jurisdiction;

4. the head offices of the Filer and Credential Direct are located in British Columbia and the Filer has officers and salespersons located in each of the Jurisdictions, except New Brunswick and Newfoundland, where an exemption from the residency requirements has been obtained, and Nova Scotia where applications for registration on a non-residency basis have been made;

5. Credential Direct and its Registered Representatives do not and will not, except as provided in paragraph 12 below, provide advice or recommendations regarding the purchase or sale of any security and Credential Direct has adopted policies and procedures to ensure Credential Direct and its Registered Representatives do not, with such exception, provide advice or recommendations regarding the purchase or sale of any security;

6. when Credential Direct provides trade execution services to clients it would, in the absence of this Decision, be required to comply with the Suitability Requirements and IDA Suitability Requirements;

7. clients who request Credential Direct or its Registered Representatives to provide advice or recommendations or advice as to suitability will be referred to a registered dealer or adviser that provides those services;

8. Credential Direct does not and will not compensate its Registered Representatives on the basis of transactional values;

9. each client of Credential Direct will be advised of the Decision of the Decision Makers and requested to acknowledge that:

   (a) no advice or recommendation will be provided by Credential Direct or its Registered Representatives regarding the purchase or sale of any security; and

   (b) Credential Direct and its Registered Representatives will not determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client; (both (a) and (b) shall constitute the "Client Acknowledgement");

10. the Client Acknowledgment will provide the client with sufficient detail and will explain to each client the significance of not receiving either investment advice or a recommendation from Credential Direct, including the significance of Credential Direct not determining the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client;

11. each client of Credential Direct will be advised that he or she has the option of transferring his or her account or accounts to a registered dealer or adviser that provides advice and recommendations at no cost to the client if the client does not wish to provide a Client Acknowledgement (the "Account Transfer Option");

12. Credential Direct and its Registered Representatives will continue to comply with the Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received for six months following the date of this Decision;

13. after the date six months following the date of this Decision, Credential Direct will not permit a transaction in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

14. all prospective clients of Credential Direct will be advised and required to acknowledge that:

   (a) no advice or recommendations will be provided by Credential Direct or its Registered Representatives regarding the purchase or sale of any security; and

   (b) Credential Direct and its Registered Representatives will not determine the general

investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client, (both (a) and (b) shall constitute the "Prospective Client Acknowledgement");

prior to Credential Direct opening an account for such prospective client;

15. the Prospective Client Acknowledgment will provide the prospective client with sufficient detail and will explain to each client the significance of not receiving either investment advice or a recommendation from Credential Direct, including the significance of Credential Direct not determining the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client;

    (a) Credential Direct has adopted policies and procedures to ensure:

    (b) that evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;

    (c) client accounts of Credential Direct are appropriately designated as being a client account to which a Client Acknowledgement or Prospective Client Acknowledgement has been received or being a client account to which a Client Acknowledgement has not been received; and

16. for any client of Credential Direct who does not provide a Client Acknowledgement and chooses to exercise the client's Account Transfer Option, Credential Direct will transfer the client's account in an expeditious manner and at no cost to the client;

17. Credential Direct has adopted policies and procedures to ensure that:

    (a) it operates separate from the full-service division of the Filer;

    (b) Registered Representatives of Credential Direct are clearly employed by Credential Direct and do not handle the business or clients of the full-service division of the Filer; and

    (c) a list of Registered Representatives of Credential Direct is maintained at all times;

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Suitability Requirements shall not apply to Credential Direct and its Registered Representatives so long as:

1. except as permitted by 6 below, Credential Direct and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;

2. clients who request Credential Direct or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to a registered dealer or adviser that provides those services;

3. Credential Direct is a division of the Filer and operates as an independent business unit using its own letterhead, accounts, Registered Representatives and account documentation;

4. Credential Direct does not compensate its Registered Representatives on the basis of transactional values;

5. each client of Credential Direct is advised of the Decision of the Decision Makers and requested to make a Client Acknowledgement or transfer his or her account to a dealer who provides advice if the client does not make a Client Acknowledgement;

6. Credential Direct and its Registered Representatives continue to comply, for six months following the date of this Decision, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received;

7. commencing six months following the date of this Decision, Credential Direct will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

8. each prospective client of Credential Direct is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to Credential Direct servicing such prospective client;

9. evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;

10. for any client who elects to exercise the client's Account Transfer Option, Credential Direct transfers such account or accounts to a registered dealer or adviser that provides advice or recommendations in an expeditious manner and Credential Direct does not charge any transfer fees to a client who effects such a transfer;

11. Credential Direct accurately identifies and distinguishes client accounts for which a Client Acknowledgement or Prospective Client Acknowledgement has been provided and client accounts for which no Client Acknowledgement has been provided;

12. the Filer has in force policies and procedures to ensure that:

    (a) Credential Direct continues to operate separately from the full-service division of the Filer;

    (b) Registered Representatives of Credential Direct are clearly employed by Credential Direct and do not handle the business or clients of the full-service division of the Filer; and

    (c) a list of Registered Representatives of Credential Direct is maintained at all times; and

13. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

April 27, 2001.

"Gerry Halischuk"

THE DECISION of the Decision Makers, other than Nova Scotia and Newfoundland, is that the IDA Suitability Requirements do not apply to Credential Direct and its Registered Representatives so long as:

1. excepted as permitted by 6 below, Credential Direct and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;

2. clients who request Credential Direct or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to a registered dealer or adviser that provides those services;

3. Credential Direct is a division of the Filer and operates as an independent business unit using its own letterhead, accounts, Registered Representatives and account documentation;

4. Credential Direct does not compensate its Registered Representatives on the basis of transactional values;

5. each client of Credential Direct is advised of the Decision of the Decision Makers and requested to make a Client Acknowledgement or transfer his or her account to a dealer who provides advice if the client does not make a Client Acknowledgement;

6. Credential Direct and its Registered Representatives continue to comply, for six months following the date of this Decision, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received;

7. commencing six months following the date of this Decision, Credential Direct will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

8. each prospective client of Credential Direct is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to Credential Direct servicing such prospective client;

9. evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;

10. for any client who elects to exercise the client's Account Transfer Option, Credential Direct transfers such account or accounts to a registered dealer or adviser that provides advice or recommendations in an expeditious manner and Credential Direct does not charge any transfer fees to a client who effects such a transfer;

11. Credential Direct accurately identifies and distinguishes client accounts for which a Client Acknowledgement or Prospective Client Acknowledgement has been provided and client accounts for which no Client Acknowledgement has been provided;

12. the Filer has in force policies and procedures to ensure that:

    (a) Credential Direct continues to operate separately from the full-service division of the Filer;

    (b) Registered Representatives of Credential Direct are clearly employed by Credential Direct and do not handle the business or clients of the full-service division of the Filer; and

    (c) a list of Registered Representatives of Credential Direct is maintained at all times; and

13. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the IDA Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

April 27, 2001.

"Gerry Halischuk"

2.1.7 Le Groupe Jean Coutu (PJC) Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Selling security holder is a connected issuer but not a related issuer in respect of registrants that are underwriters in proposed secondary offering of subordinate voting shares - underwriters exempt from the independent underwriter requirement in the legislation provided that selling security holder not in financial difficulty.

Applicable Ontario Regulations

Regulation made under the Securities Act, R.S.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(b) and 233.

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (published for comment February 6, 1998)

IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION OF
THE PROVINCES OF ALBERTA, BRITISH COLUMBIA, NEWFOUNDLAND, QUÉBEC AND ONTARIO

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
THE JEAN COUTU GROUP (PJC) INC.
AND HOLDING 29527 CANADA LTD.

AND

IN THE MATTER OF
NATIONAL BANK FINANCIAL INC.
DESJARDINS SECURITIES INC.
TD SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Makers") in each of the province of Alberta, British Columbia, Newfoundland, Québec and Ontario (the "Jurisdictions") has received an application from National Bank Financial Inc. ("NBF"), Desjardins Securities Inc. ("Desjardins") and TD Securities Inc. ("TD") (collectively, the "Underwriters") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the restrictions against acting as an underwriter with respect to the conflict interest rules contained in the Legislation (the "Independent Underwriter Requirement") shall not apply to the Underwriters in connection with a proposed public secondary offering (the "Offering") whereby the Underwriters offer to purchase from Holding 29527 Canada Ltd. ("29527") Class A subordinate voting shares (the "Shares") of The Jean Coutu Group (PJC) Inc. ("PJC") by way of a short form prospectus (the "Prospectus") to be filed with all securities commissions in Canada.

AND WHEREAS pursuant to the Mutual Reliance System for Exemptive Relief Applications (the "System"), the Québec Securities Commission is the Principal Regulator for this application.

AND WHEREAS the Underwriters have represented to the Decision Makers that:

1. PJC is a company that was continued under PartIA of the *Companies Act* (Québec) and its head office is located in Longueuil, Québec. PJC is one of North America's largest organization specializing in the distributions and retailing of pharmaceutical and parapharmaceutical products.

2. PJC is a reporting issuer in all provinces of Canada and its shares are listed for trading on The Toronto Stock Exchange and is not in default of any of the requirements under the Legislation.

3. 29527 is a corporation incorporated under the *Canada Business Corporation Act* (Canada), directly controlled by Mr. Jean Coutu, and is not a reporting issuer in any provinces of Canada.

4. It is expected that PJC will file on April 25, 2001 a preliminary short form prospectus (the "Preliminary Prospectus") in connection with the Offering of the Shares for a consideration of $62,500,000. The prospectus will be filed will all securities commissions in Canada under the Mutual Reliance Review System for Prospectuses with Québec as its designated jurisdiction and intends to file a final short form Prospectus on or about May 7, 2001.

5. The proportionate share of the Offering to be underwritten by each of the members of the underwriting syndicate is as follows:

Underwriter	Proportionate Share
NBF	40%
BMO Nesbitt Burns Inc. ("BMO")	15%
Desjardins	15%
Merrill Lynch Canada Inc. ("Merrill")	12%
Scotia Capital Inc. ("Scotia")	12%
TD	6%

6. NBF is an indirect, wholly-owned subsidiary of the National Bank of Canada, Desjardins is a wholly-owned subsidiary of Desjardins-Laurentian Limited Corporation, an indirect subsidiary of Caisse centrale Desjardins du Québec and TD is a wholly-owned subsidiary of The Toronto-Dominion Bank. National Bank of Canada, Caisse centrale Desjardins du Québec and The Toronto-Dominion Bank are hereinafter referred to as the "Related Banks".

7. PJC currently has credit facilities and a term loan (the "Loan Facilities") with a syndicate of financial institutions which include the Related Banks. As at April 20, 2001, the indebtedness of PJC to such financial institutions under these facilities and term loan was, in the aggregate, approximately $94.93 million. PJC has also guaranteed the reimbursement of certain bank loans contracted by franchisees in an approximate amount of $33.23 million as at April 20, 2001. Furthermore, PJC is committed to purchase equipment held by some of its franchisees pursuant to buyback agreements. As at April 20, 2001, financing related to the equipment amounted to approximately $835,000.

8. By virtue of the Loan Facilities, and as PJC is a related issuer of 29527 (as such term is defined in the Proposed Multi-Jurisdictional Instrument 33-105 entitled *Underwriting Conflicts* (the "Proposed Conflicts Instrument"), 29527 may be considered a connected issuer (as such term is defined in the Proposed Conflicts Instrument) of certain of the Underwriters, thus the Underwriters do not comply with the proportionate requirement of the Legislation.

9. PJC is not a "related issuer" of any of the Underwriters (as such term is defined in the Proposed Conflicts Instrument) nor is PJC a "specified party" (as such term is defined in the Proposed Conflicts Instrument).

10. 29527 is not a "related issuer" of any of the Underwriters (as such term is defined in the Proposed Conflicts Instrument) nor is 29527 a "specified party" (as such term is defined in the Proposed Conflicts Instrument).

11. Each of the members of the underwriting syndicate, including BMO, Scotia and Merrill, have participated in the drafting of the Prospectus and in the due diligence related to the Offering.

12. PJC is in good financial condition.

13. In connection with the Offering, PJC is neither a "related issuer" nor a "connected issuer", as such terms are defined in the Legislation, in respect of either BMO, Scotia and Merrill.

14. In connection with the Offering, 29527 is neither a "related issuer" nor a "connected issuer", as such terms are defined in the Legislation, in respect of either BMO, Scotia and Merrill.

15. PJC will not receive any proceeds from the sale of the Shares by 29527. The Related Banks did not participate in the decision to make the Offering nor in the determination of the terms of the Offering or the use of proceeds thereof.

16. The Underwriters will not benefit in any matter from the Offering other than the payment of their fee in connection with the Offering.

17. The disclosure required by Schedule C of the Proposed Conflicts Instrument will be contained in the Preliminary Prospectus and in the Prospectus and the certificate in such prospectus will be signed by each of the members of the underwriting syndicate.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (the "Decision");

AND WHEREAS each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

AND WHEREAS each Decision Maker is being satisfied to do so would not be prejudicial to the public interest;

IT IS THE DECISION by the Decision Maker pursuant to the Legislation that that Independent Underwriter Requirement shall not apply to the Underwriters in connection with the Offering provided that neither PJC nor 29527 is a related issuer, as defined in the Proposed Conflicts Instrument, to the Underwriters at the time of the Offering and that neither PJC nor 29527 is a specified party, as defined in the Proposed Conflicts Instrument, at the time of the Offering

DATED in Montreal, this 7th day of May, 2001

"Jean Lorrain"

DANS L'AFFAIRE DE
LA LÉGISLATION EN VALEURS MOBILIÈRES DES PROVINCES D'ALBERTA, DE COLOMBIE-BRITANNIQUE DE TERRE-NEUVE, DU QUÉBEC ET D'ONTARIO

ET

DANS L'AFFAIRE DU
RÉGIME D'EXAMEN CONCERTÉ DES DEMANDES DE DISPENSEE

ET

DANS L'AFFAIRE LE GROUPE JEAN COUTU (PJC) INC.

ET

DANS L'AFFAIRE DE HOLDING 29527 CANADA LTÉE

ET

DANS L'AFFAIRE DE FINANCIÈRE BANQUE NATIONALE INC.
VALEURS MOBILIÈRES DESJARDINS INC.
VALEURS MOBILIÈRES TD INC.

DOCUMENT DE DÉCISION DU REC

CONSIDÉRANT QUE les autorités de réglementation des valeurs mobilières (les " décideurs") dans chacune des provinces de l'Alberta, de la Colombie-Britannique, de Terre-Neuve, du Québec et de l'Ontario (les" *territoires* ") ont reçu une demande de Financière Banque Nationale Inc. (" *FBN* "), de Valeurs Mobilières Desjardins, Inc. (" *Desjardins*") et de Valeurs Mobilières TD Inc. (" *TD*") (collectivement, les" *preneurs fermes*") pour une décision en vertu de la législation en valeurs ^ des territoires (la" *législation*") selon laquelle l'interdiction d'agir en qualité de preneur ferme dans le cadre des règles en matière de conflit prévue dans la législation (l'" " *obligation d'avoir un preneur ferme indépendant*") ne s'applique pas aux preneurs fermes à l'égard d'un projet d'appel public à l'épargne secondaire (le" *placement*") en vertu duquel les preneurs fermes offrent d'acheter de Holding 29527 Canada Ltée (" 29527") des actions subalternes à droit de vote de catégorie" A (les" *Actions*") de Le Groupe Jean Coutu (PJC) Inc. (" *PJC*") par voie d'un prospectus simplifié (le" *prospectus*") devant être déposé auprès de toutes les commissions des valeurs mobilières canadiennes;

QUE selon le régime d'examen concerné des demandes de dispense (le "*régime*"), la Commission des valeurs mobilières du Québec est l'autorité principale pour la présente demande;
QUE les preneurs fermes ont déclaré aux décideurs ce qui suit" :

1. PJC a été continuée en vertu de la *Loi sur les compagnies* (Québec) et son siège social est situé à Longueuil (Québec). PJC se positionne parmi les 10 entreprises les plus importantes en Amérique du Nord et se spécialise dans la distribution et la vente au détail de produits pharmaceutiques et parapharmaceutiques.

2. PJC est un émetteur assujetti dans toutes les provinces canadiennes, et ses actions sont inscrites à la cote de la Bourse de Toronto et n'est pas en défaut en vertu de la législation.

3. 29527 est une société incorporée en vertu de la Loi sur les sociétés par action (Canada) ,contrôlée indirectement par M." Jean Coutu, et n'est pas un émetteur assujetti dans aucune des provinces canadiennes.

4. il est prévu que PJC déposera le 25" avril 2001 un prospectus simplifié provisoire (le" *prospectus provisoire*") afin de placer 2" 500" 000 actions à droit de vote subalterne de catégorie" A" pour un prix de 62" 500" 000" $. Le prospectus sera déposé auprès des commissions de valeurs mobilières canadiennes en vertu du régime d'examen concerté des prospectus et ayant le Québec comme son territoire désigné, et PJC entend déposer un prospectus simplifié définitif le ou vers le 7" mai" 2001.

5. Le tableau suivant indiquant la quote-part du placement devant être souscrite par chacun des membres du syndicat des preneurs fermes :

Preneur ferme	Quote-part
FBN	40" %
BMO Nesbitt Burns Inc. (" *BMO*")	15" %
Desjardins	15" %
Merrill Lynch Canada Inc. (" *Merrill*")	12" %
Scotia Capitaux Inc. (" *Scotia*")	12" %
TD	6" %

6. FBN et une filiale en propriété exclusive indirecte de Banque Nationale du Canada, Desjardins est une filiale en propriété exclusive de Société financière Desjardins-Laurentienne inc., filiale indirecte de Caisse centrale Desjardins du Québec et TD est une filiale en propriété exclusive de la Banque Toronto-Dominion. Banque Nationale du Canada, Caisse centrale Desjardins du Québec et Banque Toronto-Dominion sont ci-après appelées les" *banques reliées*" .

7. PJC a actuellement des facilités de prêt et un prêt à terme (les" *facilités de prêt*") auprès d'un consortium d'institutions financières qui comprend les banques reliées. Au 20" avril" 2001, l'endettement de PJC en vertu de ces facilités et du prêt à terme s'élevait à un total approximatif de 94,93$ millions. PJC a aussi garanti le remboursement de certains prêts bancaires contractés par des franchisés pour un montant d'environ 33,23$ millions au 20" avril" 2001. Par ailleurs, PJC s'est engagée, en vertu de conventions de rachat d'équipements, à racheter les équipements de certains de ses franchisés. Au 20" avril" 2001, les financements d'équipements se chiffraient à environ 835" 000$.

8. En vertu des facilités de prêt, et puisque PJC peut être considérée comme une personne reliée de 29527, au sens de cette expression dans le projet de norme multinationale 33-105 intitulée *Underwriting Conflicts* (" *projet de norme en matière de conflits*" , 29527 peut

être considéré comme un émetteur associé (au sens de cette expression dans le projet de norme en matière de conflits) de certains des preneurs fermes; les preneurs fermes ne respectent donc pas le pourcentage prescrit par la législation;

9. PJC n'est pas une" personne reliée" de l'un des preneurs fermes au sens de cette expression dans le projet de norme en matière de conflits ni une partie désignée au sens de l'expression partie désignée dans le projet de norme en matière de conflits.

10. 29527 n'est pas une" personne reliée" de l'un des preneurs fermes au sens de cette expression dans le projet de norme en matière de conflits ni une partie désignée au sens du projet de norme en matière de conflits.

11. Chacun des membres du syndicat des preneurs fermes, incluant BMO, Merrill et Scotia, ont participé à la rédaction du prospectus et à la vérification diligente relativement au placement.

12. La situation financière de PJC est bonne.

13. Dans le cadre du placement, PJC n'est pas un" émetteur associé" ou un" émetteur relié" , tel que ces termes sont compris à la législation, à l'égard de BMO, Merrill et Scotia.

14. Dans le cadre du placement, 29527 n'est pas un" émetteur associé" ou un" émetteur relié" , tel que ces termes sont compris à la législation, à l'égard de BMO, Merrill et Scotia.

15. PJC ne recevra aucun produit provenant de la vente des Actions. Les banques reliées n'ont pas participé à la décision de faire le placement, ni à l'établissement des modalités du placement, ni à l'emploi du produit de celui-ci.

16. Les preneurs fermes ne tireront aucun autre avantage du présent placement que le placement de leur rémunération dans le cadre du placement.
La déclaration prescrite par l'annexe" C du projet de norme en matière de conflits sera incluse dans le prospectus provisoire et dans le prospectus, et l'attestation dans ce prospectus sera signée par chacun des membres du syndicat des preneurs fermes.

QUE, selon le régime, le présent document de décision du REC confirme la décision de chaque décideur;

QUE chaque décideur est convaincu qu'il existe des situations ou circonstances prescrites par la législation afin de permettre au décideur de prendre la décision;

ET QUE chaque décideur est convaincu que la prise d'une telle décision ne porte pas atteinte à la protection des épargnants;

LA DÉCISION des décideurs en vertu de la législation est que l'obligation d'avoir un preneur ferme indépendant dans le cadre du placement ne s'applique pas aux preneurs fermes pourvu que ni 29527 ni PJC n'est une personne reliée, tel que compris au projet de normes en matières de conflits, des preneurs fermes au moment du placement et ni 29527 ni PJC n'est une "partie désignée " au projet de normes en matières de conflits au moment du placement.

Fait à Montréal, ce 7ième jour de mai 2001.

"Jean Lorrain"

2.1.8 Royal Bank of Canada & RBC Capital Trust - MRRS Decision

Headnote

Exemptions from certain continuous disclosure requirements granted to a trust on specified conditions where because of the terms of the trust a security holder's return depends upon the financial condition of the sponsoring bank and not that of the trust. Trust offered trust units to the public in order to provide the bank with a cost effective means of raising capital for Canadian bank regulatory purposes; trust holds a portfolio of assets consisting primarily of mortgages and interests in mortgages; unitholders are entitled to fixed semi-annual non-cumulative distributions but no distributions are payable if the bank fails to pay dividends on its preferred shares and if distributions are not paid the bank is prevented from paying dividends on its preferred shares; trust units are not redeemable but are exchangeable at the option of the holder after a fixed term for a series of preferred shares of the bank and trust units are non-voting;
Specifically, exemptions granted from the requirements to:

(a) file interim financial statements and audited annual financial statements and send such statements to unitholders;

(b) make an annual filing in lieu of filing an information circular;

(c) file an annual report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to unitholders; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and results of operation of the trust and send such MD&A to unitholders

for so long as

(i) the bank remains a reporting issuer;

(ii) the bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to unitholders and its annual report to unitholders resident in the Province of Quebec at the same time and in the same manner as if the unitholders were holders of common shares of the bank;

(iii) all outstanding securities of the trust are of the type presently issued;

(iv) the rights and obligations of holders of additional securities are the same in all material respects as the rights and obligations of the holders of securities outstanding at the date of the relief is granted; and

(v) the bank and its affiliates are the beneficial owner of all voting securities of the trust

provided that the relief expires 30 days after the occurrence of a material change in the affairs of the trust.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss 77, 78,79, 80(b)(iii),81,

Applicable Ontario Rules Cited

OSC Rule 51-501- AIF and MD&A

OSC Rule 52-501- Financial Statements

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
ROYAL BANK OF CANADA AND RBC CAPITAL TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Royal Bank of Canada (the "Bank") and RBC Capital Trust (the "Trust") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to:

(a) file interim financial statements and audited annual financial statements (collectively, "Financial Statements") with the Decision Makers and deliver such statements to the security holders of the Trust;

(b) make an annual filing ("Annual Filing") with the Decision Makers in lieu of filing an information circular, where applicable;

(c) file an annual report ("Annual Report") and an information circular with the Decision Maker in Quebec and deliver such report or information circular to the security holders of the Trust resident in Quebec; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and results of operation of the Trust and send such MD&A to security holders of the Trust;

shall not apply to the Trust, subject to certain terms and conditions;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Bank and the Trust represented to the Decision Makers that:

Royal Bank of Canada

1. The Bank is a Schedule 1 Canadian chartered bank incorporated under the *Bank Act* (Canada) (the "Bank Act"), is a reporting issuer or equivalent under the Legislation and is not in default of any requirement of the Legislation.

2. The authorized capital of the Bank consists of an unlimited number of common shares ("Bank Common Shares") and an unlimited number of first preferred shares and second preferred shares. As at October 18, 2000, 602,387,616 Bank Common Shares and 65,500,000 First Preferred Shares were outstanding.

3. The Bank Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"), the New York Stock Exchange, the London Stock Exchange and the Switzerland Exchange.

RBC Capital Trust

4. The Trust is a closed-ended trust established under the laws of the Province of Ontario by The Royal Trust Company ("Royal Trust"), as trustee, pursuant to an amended and restated declaration of trust made as of July 24, 2000 (the "Declaration of Trust").

5. The beneficial interests of the Trust are divided into two classes of units, issuable in series, designated as Trust Capital Securities ("RBC TruCS") and Special Trust Securities ("Special Trust Securities" and, collectively with RBC TruCS, "Trust Securities").

6. The Trust was established solely for the purpose of effecting the Offerings (as defined below) and possible future offerings of securities in order to provide the Bank with a cost effective means of raising capital for Canadian bank regulatory purposes. The Trust does not and will not carry on any operating activity other than in connection with the Offerings and any future offerings.

7. The Trust is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any requirement of the Legislation;

RBC TruCS

8. The Trust distributed 650,000 Trust Capital Securities - Series 2010 ("RBC TruCS - Series 2010") in the Jurisdictions under a long form prospectus (the "July Prospectus") dated July 17, 2000 (the "First Offering"). The July Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the July Holder Exchange Right and the Automatic Exchange Right (both as defined below).

9. The Trust issued and sold 750,000 Trust Capital Securities - Series 2011 ("RBC TruCS - Series 2011") in the Jurisdictions under a long form prospectus (the "November Prospectus") dated November 29, 2000 (the "Second Offering"). The November Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the November Holder Exchange Right and the Automatic Exchange Right (both as defined below). The First Offering and the Second Offering are collectively referred to as the "Offerings".

10. The RBC TruCS - Series 2010 and the RBC TruCS - Series 2011 are listed and posted for trading on the TSE.

11. The Trust also issued and sold an aggregate of 336,000 Special Trust Securities to the Bank in connection with the Offerings.

12. The business objective of the Trust is to acquire and hold assets ("Trust Assets") primarily from the Bank or its affiliates which may consist of: (a) undivided co-ownership interests in one or more pools of Canada Mortgage and Housing Corporation ("CMHC") insured first mortgages on residential property situated in Canada; (b) certain mortgage-backed securities; (c) CMHC - insured first mortgages on residential property; and (d) to the extent that the proceeds of the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans.

13. Subject to paragraph 14, each RBC TruCS - Series 2010 and RBC TruCS - Series 2011 entitles the holder ("RBC TruCS Holders") to receive a fixed cash distribution (a "Distribution") payable by the Trust on the last day of June and December of each year (each such day, a "Distribution Date" and each period from and including the Distribution Date to but excluding the next Distribution Date (a "Distribution Period").

14. RBC TruCS Holders are not entitled to receive Distributions in respect of a particular Distribution Date if the Bank has not declared regular cash dividends on its preferred shares or, if no such shares are then outstanding, on the Bank Common Shares (in accordance with the Bank's ordinary dividend practice in effect from time to time) in the most recent month in which the Bank ordinarily declares dividends from time to time in respect of such shares occurring prior to the

commencement of the Distribution Period ended on such Distribution Date.

15. The Bank has covenanted, pursuant to the July and November Bank Share Exchange Agreements (as defined below) that, if on the Distribution Date the Trust fails to pay in full Distributions on the RBC TruCS - Series 2010 or RBC TruCS - Series 2011 to which the RBC TruCS Holders are entitled, the Bank will not declare dividends of any kind on its preferred shares until a specific period of time has elapsed from the Distribution Date.

16. Upon the occurrence of certain adverse tax events or events relating to the treatment of RBC TruCS for capital purposes prior to December 31, 2005, RBC TruCS Series - 2010 and RBC TruCS - Series 2011 will be redeemable, at the option of the Trust and with the approval of the Superintendent of Financial Institutions (Canada) (the "Superintendent"), in whole (but not in part) for a cash amount.

17. On December 31, 2005 and on any subsequent Distribution Date, the RBC TruCS - Series 2010 and RBC TruCS - Series 2011 will be redeemable in whole (but not in part) for a cash amount, at the option of the Trust and subject to the approval of the Superintendent.

18. On December 31, 2010, and on any subsequent Distribution Date, each RBC TruCS - Series 2010 will be exchangeable (the "July Holder Exchange Right"), at the option of the holder ("RBC TruCS - Series 2010 Holders"), for forty non-cumulative redeemable first preferred shares, Series Q of the Bank ("Preferred Shares Series Q"), in accordance with the terms set forth in a Bank Share Exchange Trust Agreement made as of July 24, 2000, (the "July Bank Share Exchange Agreement") between the Bank, the Trust and Royal Trust, as trustee for the RBC TruCS - Series 2010 Holders.

19. On December 31, 2011, and on any subsequent Distribution Date, each RBC TruCS - Series 2011 will be exchangeable (the "November Holder Exchange Right"), at the option of the holder (the "RBC TruCS - Series 2011 Holders"), for forty non-cumulative redeemable first preferred shares, Series R of the Bank ("Preferred Shares Series R"), in accordance with the terms set forth in a Bank Share Exchange Trust Agreement made as of December 6, 2000, (the " November Bank Share Exchange Agreement") between the Bank, the Trust and Royal Trust, as trustee for the RBC TruCS - Series 2011 Holders.

20. Each RBC TruCS will be automatically exchanged (the "Automatic Exchange Right") without the consent of the holder, for forty Preferred Shares Series Q in the case of each RBC TruCS - Series 2010 and forty Preferred Shares Series R in the case of each RBC TruCS - Series 2011 if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or to provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified in such direction.

21. The Preferred Shares Series Q and the Preferred Shares Series R will be convertible after specified dates, at the option of the Bank and subject to regulatory approvals, into Bank Common Shares.

22. Beginning on December 31, 2010, and on each subsequent Distribution Date, the Preferred Shares Series Q will be convertible, at the option of the holder, into Bank Common Shares, except under certain circumstances.

23. Beginning on December 31, 2011, and on each subsequent Distribution Date, the Preferred Shares Series R will be convertible, at the option of the holder, into Bank Common Shares, except under certain circumstances.

24. As set forth in the Declaration of Trust, RBC TruCS are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.

25. Except to the extent that Distributions are payable to RBC TruCS Holders and, other than in the event of termination of the Trust (as set forth in the Declaration of Trust), RBC TruCS Holders have no claim or entitlement to the income of the Trust or the Trust Assets.

26. In certain circumstances (as described in paragraph 20 above), including at a time when the Bank's financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced, the RBC TruCS Series 2010 or RBC TruCS Series 2011 will be automatically exchanged for preferred shares of the Bank without the consent of RBC TruCS Holders . As a result, RBC TruCS Holders will have no claim or entitlement to the Trust Assets, other than indirectly in their capacity as preferred shareholders of the Bank.

27. RBC TruCS Holders may not take any action to terminate the Trust.

28. The Trust has not requested relief for the purposes of filing a short form prospectus pursuant to National Instrument 44-101 -- Short Form Prospectus Distributions ("NI 44-101") (including, without limitation, any relief which would allow the Trust to use the Bank's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation:

(a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;

(b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular;

(c) to file an Annual Report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to holders of Trust Securities resident in Quebec;

(d) to prepare and file an AIF, including MD&A, with the Decision Makers and send such MD&A to holders of Trust Securities;

shall not apply to the Trust for so long as:

(i) the Bank remains a reporting issuer under the Legislation;

(ii) the Bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to holders of Trust Securities and its Annual Report to holders of Trust Securities resident in the Province of Quebec at the same time and in the same manner as if the holders of Trust Securities were holders of Bank Common Shares;

(iii) all outstanding securities of the Trust are either RBC TruCS or Special Trust Securities;

(iv) the rights and obligations of holders of additional series of RBC TruCS are the same in all material respects as the rights and obligations of the holders of RBC TruCS - Series 2010 and RBC TruCS Series - 2011 at the date hereof; and

(v) the Bank is the beneficial owner of all Special Trust Securities;

and provided that if a material change occurs in the affairs of the Trust, this Decision shall expire 30 days after the date of such change.

May 8, 2001.

"John Hughes"

2.2 Orders

2.2.1 Epcor Utilities Inc. - ss. 59(2)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 59(2) of Schedule I – waiver of fees

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867

National Instrument 44-102 Shelf Distributions (2000) 23 OSCB (Supp) 565

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED (the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS (the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS (the "Disclosure Rule"), NI 44-102 SHELF DISTRIBUTIONS (the "Shelf Rule") and COMMISSION RULE 41-501 GENERAL PROSPECTUS REQUIREMENTS (the "General Prospectus Rule")

AND

IN THE MATTER OF
EPCOR UTILITIES INC.

ORDER AND DECISION
(Section 15.1 of the General Prospectus Rule, Subsection 5.1(1) of the Disclosure Rule and Subsection 59(2) of Schedule I to the Regulation)

WHEREAS Epcor Utilities Inc. (the "**Applicant**") filed an amendment dated April 19, 2001 to a short form base shelf prospectus dated June 14, 2000 (as amended, the "**Prospectus**") in accordance with the Short Form Rule and the Shelf Rule relating to the qualification of $1,100,000 Medium Term Note Debentures (the "**Offering**");

AND WHEREAS the Applicant has applied for certain relief from the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Prospectus;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

April 27, 2001.

"Margo Paul"

2.2.2 Gold Summit Mines Ltd. - ss. 83.1(1)

Headnote

Subsection 83.1(1) – issuer deemed to be a reporting issuer in Ontario – issuer has been a reporting issuer in British Columbia and Alberta since December 8, 1989 and November 26, 1999 respectively – issuer listed and posted for trading on the Canadian Venture Exchange – continuous disclosure requirements of British Columbia and Alberta substantially identical to those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 83.1(1).

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
GOLD SUMMIT MINES LTD.

ORDER
(Subsection 83.1(1))

UPON the application of Gold Summit Mines Ltd. (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Company representing to the Commission as follows:

1. The Company was incorporated under the *Company Act* (British Columbia) on August 6, 1987.

2. The authorized capital of the Company consists of 20,000,000 common shares of which 7,428,571 common shares are issued and outstanding as at the date hereof.

3. The Company is a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since December 8, 1989 and became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on November 26, 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange ("CDNX"). The Company is not in default of any requirements of the BC Act or the Alberta Act.

4. The Company is not a reporting issuer or its equivalent under the securities legislation of any other jurisdiction in Canada.

5. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.

6. The continuous disclosure materials filed by the Company under the BC Act since July, 1997 and under the Alberta Act since November, 1999 are available on the System Electronic Document Analysis and Retrieval.

7. The common shares of the Company are listed and currently trade on the CDNX and the Company is not in default of any requirements of the CDNX.

8. There have not been any penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority and no settlement agreements have been entered into by the Company.

9. There have not been any penalties or sanctions imposed against any of the Company's directors or officers or significant shareholders within the last 10 years by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority nor has any of them entered into any settlement agreement with a Canadian securities regulatory authority nor have they been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that the Company be deemed a reporting issuer for purposes of the Act.

May 4, 2001.

"Howard Wetston" "Robert Davis"

2.2.3 Fox Energy Corporation - ss. 83(1)

Headnote

Subsection 83.1(1) - issuer deemed to be reporting issuer in Ontario - issuer has been a reporting issuer in each of Alberta and British Columbia for more than 12 months - issuer listed and posted for trading on Tier 1 of CDNX - continuous disclosure requirements of Alberta and British Columbia substantially similar to those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83.1(1).

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S. 5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
FOX ENERGY CORPORATION

ORDER
(Subsection 83.1(1))

UPON the application of Fox Energy Corporation (the "Issuer") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 83.1(1) of the Act deeming the Issuer to be a reporting issuer for the purposes of Ontario securities law;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Issuer representing to the Commission that:

1. The Issuer is a corporation existing under and governed by the *Business Corporations Act* (Alberta).

2. The Issuer has been a reporting issuer under the securities legislation of Alberta and British Columbia since August 4, 1994 and November 29, 1999 respectively.

3. The authorized capital of the Issuer consists of an unlimited number of common shares (the "Fox Shares") of which there were 23,854,524 issued and outstanding on February 13, 2001.

4. The Fox Shares are listed on the Canadian Venture Exchange (the "CDNX").

5. The Issuer is not in default of securities legislation in Alberta or British Columbia.

6. The continuous disclosure requirements in Alberta and British Columbia are substantially the same as the requirements under the Act.

7. The continuous disclosure materials filed by the Issuer in Alberta and British Columbia are available on the System for Electronic Document Analysis and Retrieval (SEDAR).

8. The Issuer made an offer dated February 20, 2001 to purchase all of the issued and outstanding common shares of Pyramid Energy Inc. ("Pyramid") on the basis of $0.23524 in cash and 0.2112 common shares of the Issuer for each common share of Pyramid.

9. Pyramid was started as a junior pool company in 1996. In October, 1997 it acquired Pyramid Resources Ltd. as its major transaction.

10. The offer and a take-over bid circular (the "TOB Circular") dated February 20, 2001, was prepared in accordance with the Act, the Securities Act (Alberta) and the Securities Act (British Columbia) and contained prospectus level disclosure regarding the Issuer. The TOB Circular was distributed to all of the holders of common shares of Pyramid in connection with the offer and was filed on SEDAR. The TOB Circular contained the audited financial statements of the Issuer as at December 31, 1997, 1998 and 1999, and the Issuer's interim unaudited financial statements for the 9 months ended September 30, 2000. As of April 6, 2001, approximately 96.22% of Pyramid's outstanding common shares were tendered to the offer.

11. Based upon the best information available to the Issuer, Ontario holders of the Issuer's shares are not able to rely upon Rule 72-501 - Prospectus Exemption for First Trade Over a Market Outside Ontario as the Issuer does not comply with the de minimus conditions of Rule 72-501. As a result, Ontario recipients of the Issuer's shares in connection with the Offer would be subject to an indefinite hold period pursuant to subsection 72(5) of the Act if the Issuer does not become a reporting issuer in Ontario.

12. Neither the Issuer nor any of its officers, directors or controlling shareholders has (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED, pursuant to Section 83.1(1) of the Act, that the Issuer is deemed to be a reporting issuer for the purposes of Ontario securities law.

May 8, 2001.

"J. A. Geller" "Robert W. Korthals"

2.3 Rulings

2.3.1 1463086 Ontario Limited - s. 59

Headnote

Section 59(1) of Schedule 1 to the Regulation under the Securities Act - reduction in fee otherwise due as a result of a take-over bid in connection with an internal corporate reorganization involving no change in beneficial ownership.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s.93(1)(c).

Regulation Cited

Regulation made under the *Securities Act*, R.R.O. 1990, Reg. 1015, as am., Schedule 1 ss. 32(1) and 59(1).

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
THE REGULATION UNDER THE SECURITIES ACT,
R.R.O. 1990, REGULATION 1015, AS AMENDED (the "Regulation")

AND

IN THE MATTER OF
1463086 ONTARIO LIMITED

RULING
(Section 59 of Schedule 1)

UPON the application (the "Application") of 1463086 Ontario Limited (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to section 59 of Schedule 1 (the "Schedule") to the Regulation under the Act, exempting the Applicant from payment in part of the fee payable pursuant to section 32(1) of the Schedule;

AND UPON reading the Application and the recommendation of the staff of the Commission;

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant is a corporation incorporated under the laws of Ontario and is not a reporting issuer under the Act.

2. The Applicant is a wholly-owned subsidiary of KRT Investments Corp. ("KRTIC").

3. On March 1, 2001, the Applicant acquired 1,915,399 common shares of The Thomson Corporation ("TTC") (the "Shares") from KRTIC with the consideration therefor being satisfied by common shares of the Applicant. TTC is a reporting issuer under the Act.

4. The Applicant and KRTIC are both controlled by Kenneth R. Thomson and, as a result, the Applicant and KRTIC are affiliated corporations. Given that the Applicant is deemed to own beneficially all of the TTC shares beneficially owned by companies controlled by Kenneth R. Thomson, the acquisition of the Shares by the Applicant resulted in the Applicant owning in excess of 20% of the outstanding common shares of TTC. Accordingly, the acquisition of the Shares by the Applicant constituted a take-over bid under the Act.

5. The Shares were acquired pursuant to the take-over bid exemption in clause 93(1)(c) of the Act.

6. The transaction was an internal corporate reorganization within the same control group and did not result in a change in beneficial ownership of the Shares.

7. In the absence of the relief provided by this ruling and pursuant to the formula in clause 32(1)(b) of the Schedule, the Applicant would be required to pay a fee of $16,508.39 as a result of the transaction described above.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED, pursuant to subsection 59(1) of the Schedule, that the Applicant be exempt from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(b) of the Schedule, provided that the minimum fee of $800.00 is paid.

April 27, 2001.

"Paul M. Moore" "Robert W. Korthals"

2.3.2 1466801 Ontario Limited - ss. 59(2)

Headnote

Subsection 59(2) of Schedule 1 to the Regulation under the *Securities Act* - reduction in fee otherwise due as a result of a take-over bid in connection with an internal corporate reorganization involving no change in beneficial ownership.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., clause 93(1)(c).

Regulation Cited

Regulation made under the *Securities Act*, R.R.O. 1990, Reg. 1015, as am., Schedule I, ss. 32(1) and 59(2).

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
THE REGULATION UNDER THE SECURITIES ACT,
R.R.O. 1990, REGULATION 1015, AS AMENDED (the "Regulation")

AND

IN THE MATTER OF
1466801 ONTARIO LIMITED

RULING
(Subsection 59(2) of Schedule 1)

UPON the application (the "Application") of 1466801 Ontario Limited (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 59(2) of Schedule I (the "Schedule") to the Regulation under the Act, exempting the Applicant from payment in part of the fee payable pursuant to subsection 32(1) of the Schedule;

AND UPON reading the Application and the recommendation of the staff of the Commission;

AND UPON the Applicant having represented to the Director as follows:

1. The Applicant is a corporation incorporated under the laws of Ontario and is not a reporting issuer under the Act.

2. The Applicant is a wholly-owned subsidiary of LCC Family Corp. ("LCCFC").

3. On March 8, 2001, the Applicant acquired 522,939 common shares of The Thomson Corporation ("TTC") (the "Shares") from LCCFC with the consideration therefor being satisfied by common shares of the Applicant.

4. The Applicant and LCCFC are both controlled by Kenneth R. Thomson and, as a result, the Applicant and LCCFC are affiliated corporations. Because the Applicant is deemed, under the Act, to own beneficially all of the Shares beneficially owned by companies controlled by Kenneth R. Thomson, the acquisition by the Applicant of Shares from LCCFC resulted in the Applicant owning, for the purposes of the Act, in excess of 20% of the outstanding common shares of TTC. Accordingly, the acquisition of such Shares by the Applicant constituted a take-over bid under the Act.

5. The Shares were acquired pursuant to the take-over bid exemption in clause 93(1)(c) of the Act.

6. The transaction was an internal corporate reorganization within the same control group and did not result in a change in beneficial ownership of the Shares.

7. In the absence of the relief provided by this ruling and pursuant to the formula in clause 32(1)(b) of the Schedule, the Applicant would be required to pay a fee of $4,583.55 as a result of the transaction described above.

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED, pursuant to subsection 59(2) of the Schedule, that the Applicant is exempt from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(b) of the Schedule, provided that the minimum fee of $800.00 is paid.

April 30, 2001.

"Ralph Shay"

2.3.3 Embers Realty Limited - ss. 74(1)

Headnote

Subsection 74(1) - trades of common shares of a real estate company owning real estate from which limited liability partnership of lawyers carries on business not subject to sections 25 or 53 of the Act where acquisition of such shares is a term of admission to the partnership and the shares are subject to transfer restrictions.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 74(1).

Policies Cited

Rule 45-501 - Exempt Distributions (1998), 21 OSCB 6548.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "ACT")

AND

IN THE MATTER OF
EMBERS REALTY LIMITED

RULING
(Subsection 74(1))

UPON the application of Embers Realty Limited ("Embers") for a ruling pursuant to subsection 74(1) of the Act that certain trades in common shares of Embers (the "Common Shares") to lawyers admitted to the partnership (the "Partners") of Lerner & Associates LLP ("Lerners") shall not be subject to sections 25 and 53 of the Act;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON Embers having represented to the Commission that:

1. Embers is an *Ontario Business Corporations Act* corporation established by Articles of Amalgamation on January 31st, 1988. Embers holds real estate assets from which Lerners carries on business in London, Ontario. Embers also allows the Partners who hold Common Shares to share in the profits generated by Embers through distributions Embers makes to its holders of Common Shares (the "Shareholders").

2. The authorized share capital of Embers consists of an unlimited number of Common Shares. There are currently 2,127.27516 Common Shares issued and outstanding.

3. Embers is not a reporting issuer or the equivalent under the securities legislation of any province or territory of Canada and does not have any present intention of becoming a reporting issuer in Ontario. Embers currently is a "private issuer" as that term is defined in Commission Rule 45-501 *Exempt Distributions* ("Rule 45-501").

4. Lerners is a limited liability partnership of lawyers established under the laws of Ontario with offices in London, Ontario and Toronto, Ontario. There are currently fifty-two Partners, of whom forty-eight hold all issued and outstanding Common Shares.

5. Pursuant to the terms of a partnership agreement, (the "Partnership Agreement"), all lawyers entering the partnership of Lerners, as a term of their admission, must purchase a specified number of Common Shares from existing holders of Common Shares (the "Shareholders") or from Embers treasury at a price determined in accordance with the terms a shareholders' agreement (the "Shareholders' Agreement").

6. Pursuant to the terms of the Shareholders' Agreement, only Partners are entitled to acquire Common Shares. Shareholders are entitled to receive distributions in respect of their Common Shares at such times and in such amounts as the Shareholders decide.

7. Pursuant to the terms of the Shareholders' Agreement, the Common Shares will not be transferable, except that upon the death or resignation from Lerners of a Partner who is a Shareholder, the Common Shares held by such Shareholder either will be redeemed by Embers or purchased by the remaining Shareholders or a corporation incorporated by them. No such corporation presently exists. Under no circumstances may any person or entity that is not a Partner beneficially own, directly or indirectly, shares of a corporation that holds Common Shares.

8. Each of the Shareholders is provided with audited financial statements of Embers on or before March 31 of each year, with the respect to Embers' preceding fiscal year end of December 31.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 74(1) of the Act that trades in Common Shares to Partners will not be subject to sections 25 and 53 of the Act, provided that:

A. at the time of any such trade, the Common Shares are subject to the restrictions on transfer set out in paragraph 7 (the "Share Transfer Restrictions");

B. the first trade in Common Shares (other than a first trade made in accordance with the Share Transfer Restrictions) acquired pursuant to this ruling by a Partner shall be a distribution unless such first trade is made in accordance with the provisions of subsection 72(5) of the Act and section 2.18(3) of Rule 45-501 as if the securities had been issued pursuant to one of the exemptions referenced in subsection 72(5) of the Act; and

C. this ruling shall cease to be effective upon the Common Shares ceasing to be subject to the Share Transfer Restrictions.

May 4, 2001.

"Howard I. Wetston" "Robert W. Davis"

Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

This Page Intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary and Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
United Keno Hills Mines Limited	08 May 01	18 May 01	-	-

This Page Intentionally left blank

Chapter 5

Rules and Policies

5.1 Rules

5.1.1 NI 55-101 & 55-101CP - Exemption from Certain Insider Reporting Requirements

NATIONAL INSTRUMENT 55-101
EXEMPTION FROM CERTAIN INSIDER REPORTING REQUIREMENTS

TABLE OF CONTENTS

NATIONAL INSTRUMENT 55-101
EXEMPTION FROM CERTAIN INSIDER REPORTING REQUIREMENTS

PART 1 DEFINITIONS

1.1 **Definitions** - In this Instrument

"automatic securities purchase plan" means a dividend or interest reinvestment plan, a stock dividend plan or any other plan of a reporting issuer or of a subsidiary of a reporting issuer to facilitate the acquisition of securities of the reporting issuer if the timing of acquisitions of securities, the number of securities which may be acquired under the plan by a director or senior officer of the reporting issuer or of the subsidiary of the reporting issuer and the price payable for the securities are established by written formula or criteria set out in a plan document;

"cash payment option" means a provision in a dividend or interest reinvestment plan under which a participant is permitted to make cash payments to purchase from the issuer, or from an administrator of the issuer, securities of the issuer's own issue, in addition to the securities

(a) purchased using the amount of the dividend or interest payable to or for the account of the participant; or

(b) acquired as a stock dividend or other distribution out of earnings or surplus;

"dividend or interest reinvestment plan" means an arrangement under which a holder of securities of an issuer is permitted to direct that the dividends or interest paid on the securities be applied to the purchase, from the issuer or an administrator of the issuer, of securities of the issuer's own issue;

"issuer event" means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

"lump-sum provision" means a provision of an automatic securities purchase plan which allows a director or senior officer to acquire securities in consideration of an additional lump-sum payment, including, in the case of a dividend or interest reinvestment plan which is an automatic securities purchase plan, a cash payment option;

"major subsidiary" means a subsidiary of a reporting issuer if

(a) the assets of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited balance sheet of the reporting issuer that the reporting issuer has filed, are 10 percent or more of the consolidated assets of the reporting issuer reported on that balance sheet, or

(b) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited income statement of the reporting issuer that the reporting issuer has filed, are 10 percent or more of the consolidated revenues of the reporting issuer reported on that statement;

"normal course issuer bid" means

(a) an issuer bid which is made in reliance on the exemption contained in securities legislation from certain requirements relating to issuer bids which is available if the number of securities acquired by the issuer within a period of twelve months does not exceed 5 percent of the securities of that class issued and outstanding at the commencement of the period, or

(b) a normal course issuer bid as defined in the policies of The Montreal Exchange, The Canadian Venture Exchange or The Toronto Stock Exchange, conducted in accordance with the policies of that exchange; and

"stock dividend plan" means an arrangement under which securities of an issuer are issued by the issuer to holders of securities of the issuer as a stock dividend or other distribution out of earnings or surplus.

PART 2 EXEMPTION FROM INSIDER REPORTING FOR DIRECTORS AND SENIOR OFFICERS OF CERTAIN SUBSIDIARIES

2.1 **Reporting Exemption** - Subject to section 2.2, the insider reporting requirement does not apply to a director or senior officer of a subsidiary of a reporting issuer in respect of securities of the reporting issuer.

2.2 **Limitation** - The exemption in section 2.1 is not available if the director or senior officer

(a) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed;

(b) is a director or senior officer of a major subsidiary; or

(c) is an insider of the reporting issuer in a capacity other than as a director or senior officer of the subsidiary.

PART 3 EXEMPTION FROM INSIDER REPORTING FOR DIRECTORS AND SENIOR OFFICERS OF AFFILIATES OF INSIDERS OF A REPORTING ISSUER

3.1 **Québec** - This Part does not apply in Québec.

3.2 **Reporting Exemption** - Subject to section 3.3, the insider reporting requirement does not apply to a director or senior officer of an affiliate of an insider of a reporting issuer in respect of securities of the reporting issuer.

3.3 **Limitation** - The exemption in section 3.2 is not available if the director or senior officer

(a) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed;

(b) is an insider of the reporting issuer in a capacity other than as a director or senior officer of an affiliate of an insider of the reporting issuer; or

(c) is a director or senior officer of a company that supplies goods or services to the reporting issuer or to a subsidiary of the reporting issuer or has contractual arrangements with the reporting issuer or a subsidiary of the reporting issuer, and the nature and scale of the supply or the contractual arrangements could reasonably be expected to have a significant effect on the market price or value of the securities of the reporting issuer.

PART 4 LISTS OF EXEMPTED INSIDERS

4.1 **Lists of Exempted Insiders** - A reporting issuer shall maintain a list of all insiders of the reporting issuer exempted from the insider reporting requirement by section 2.1 and shall maintain a list of all insiders of the reporting issuer exempted from the insider reporting requirement by section 3.2.

PART 5 REPORTING OF ACQUISITIONS UNDER AUTOMATIC SECURITIES PURCHASE PLANS

5.1 **Reporting Exemption** - Subject to section 5.2, the insider reporting requirement does not apply to a director or senior officer of a reporting issuer or of a subsidiary of the reporting issuer for the acquisition of securities of the reporting issuer pursuant to an automatic securities purchase plan, other than the acquisition of securities pursuant to a lump-sum provision of the plan.

5.2 Limitation

(1) The exemption in section 5.1 is not available to an insider that beneficially owns, directly or indirectly, voting securities of the reporting issuer, or exercises control or direction over voting securities of the reporting issuer, or a combination of both, carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer.

(2) In Québec, subsection (1) does not apply.

(3) In Québec, the exemption in section 5.1 is not available to a person who exercises control over more than 10 percent of a class of shares of a reporting issuer to which are attached voting rights or an unlimited right to a share of the profits of the reporting issuer and in its assets in case of winding-up.

5.3 Reporting Requirement - An insider who relies on the exemption from the insider reporting requirement contained in section 5.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing each acquisition of securities under the automatic securities purchase plan that has not previously been disclosed by or on behalf of the insider

(a) for any securities acquired under the automatic securities purchase plan which have been disposed of or transferred, within the time required by securities legislation for filing a report disclosing the disposition or transfer; and

(b) for any securities acquired under the automatic securities purchase plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year.

PART 6 REPORTING FOR NORMAL COURSE ISSUER BIDS

6.1 Reporting Exemption - The insider reporting requirement does not apply to an issuer for acquisitions of securities of its own issue by the issuer under a normal course issuer bid.

6.2 Reporting Requirement - An issuer who relies on the exemption from the insider reporting requirement contained in section 6.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing each acquisition of securities by it under a normal course issuer bid within 10 days of the end of the month in which the acquisition occurred.

PART 7 REPORTING FOR CERTAIN ISSUER EVENTS

7.1 Reporting Exemption - The insider reporting requirement does not apply to an insider of a reporting issuer whose direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer changes as a result of an issuer event of the issuer.

7.2 Reporting Requirement - An insider who relies on the exemption from the insider reporting requirement contained in section 7.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing all changes in direct or indirect beneficial ownership of, or control or direction over securities by, the insider for securities of the reporting issuer pursuant to an issuer event that have not previously been reported by or on behalf of the insider, within the time required by securities legislation for the insider to report any other subsequent change in direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer.

PART 8 EFFECTIVE DATE

8.1 Effective Date - This National Instrument comes into force on May 15, 2001.

COMPANION POLICY 55-101CP TO NATIONAL INSTRUMENT 55-101 EXEMPTION FROM CERTAIN INSIDER REPORTING REQUIREMENTS

TABLE OF CONTENTS

COMPANION POLICY 55-101CP TO NATIONAL INSTRUMENT 55-101 EXEMPTION FROM CERTAIN INSIDER REPORTING REQUIREMENTS

PART 1 PURPOSE

1.1 **Purpose** - The purpose of this Companion Policy is to set out the views of the Canadian securities regulatory authorities on various matters relating to National Instrument 55-101 Exemption from Certain Insider Reporting Requirements (the "Instrument").

PART 2 DEFINITIONS

2.1 **Definitions** - The definition of automatic securities purchase plan in the Instrument includes employee share purchase plans, stock dividend plans and dividend or interest reinvestment plans so long as the criteria in the definition are met.

PART 3 SCOPE OF EXEMPTIONS

3.1 **Scope of Exemptions** - The exemptions under the Instrument are only exemptions from the insider reporting requirement and are not exemptions from the provisions in Canadian securities legislation imposing liability for improper insider trading.

PART 4 AUTOMATIC SECURITIES PURCHASE PLANS

4.1 **Automatic Securities Purchase Plans**

(1) Section 5.1 of the Instrument provides an exemption from the insider reporting requirement for acquisitions by a director or senior officer of a reporting issuer or of a subsidiary of a reporting issuer of securities of the reporting issuer pursuant to an automatic securities purchase plan.

(2) The exemption does not apply to securities acquired under a cash payment option of a dividend or interest reinvestment plan, a "lump-sum" provision of a share purchase plan, or a stock option plan.

(3) A person relying on this exemption who does not dispose of or transfer securities which were acquired under an automatic securities purchase plan during the year must file a report disclosing all acquisitions under the automatic securities purchase plan annually no later than 90 days after the end of the calendar year. If a person who relies on the exemption does dispose of or transfer securities acquired under an automatic securities purchase plan, the person must file a report disclosing the acquisition of those securities as contemplated by clause 5.3(a) of the Instrument.

(4) This section does not relieve a director or senior officer from his or her insider reporting obligations in respect of dispositions or transfers of securities.

(5) A director or senior officer must file a report disclosing dispositions or transfers of securities, and any acquisitions of securities which are not exempt from the insider reporting obligation, within the time periods prescribed by securities legislation.

The report for such acquisitions or dispositions need not include acquisitions under an automatic securities purchase plan unless clause 5.3(a) of the Instrument requires disclosure of those acquisitions.

(6) Clause 5.3(a) requires reports to be filed disclosing acquisitions of any securities under an automatic securities purchase plan which are disposed of or transferred. Accordingly, in these circumstances, if securities acquired under an automatic securities purchase plan are disposed of or transferred, and the acquisitions of these securities have not been previously disclosed in a report, the insider report will disclose, for each acquisition of securities which are disposed of or transferred, the particulars relating to the date of acquisition of such securities, the number of securities acquired and the acquisition price of such securities. The report would also disclose, for each disposition or transfer, the related particulars for each such disposition or transfer of securities. It would be prudent practice for the director or senior officer to indicate in such insider report, by way of the "Remarks" section, or otherwise, that he or she participates in an automatic securities purchase plan and that not all purchases under that plan have been included in the report.

(7) The annual report should include, for acquisitions of securities under a plan not previously reported, disclosure for each acquisition, showing the date of acquisition, the number of securities acquired, and the unit price for each acquisition.

(8) The annual report that an insider files for acquisitions under the automatic securities purchase plan in accordance with clause 5.3(b) of the Instrument will reconcile the acquisitions under the plan with other acquisitions or dispositions by the director or senior officer so that the report provides an accurate listing of the director's or senior officer's total holdings. As required by securities legislation, the report filed by the insider must differentiate between securities held directly and indirectly and must indicate the registered holder if securities are held indirectly. In the case of securities acquired pursuant to a plan, the registered holder is often a trustee or plan administrator.

4.2 **Design and Administration of Plans** - Part 5 of the Instrument provides a limited exemption from the insider reporting requirement only in circumstances in which an insider, by virtue of participation in an automatic securities purchase plan, is not making discrete investment decisions for acquisitions under such plan. Accordingly, if it is intended that insiders of an issuer rely on this exemption for a particular plan of an issuer, the issuer should design and administer the plan in a manner which is consistent with this limitation.

PART 5 EXISTING EXEMPTIONS

5.1 **Existing Exemptions** - Insiders can continue to rely on orders of Canadian securities regulatory authorities, subject to their terms, which exempt certain insiders, on conditions, from all or part of the insider reporting requirement, despite implementation of the Instrument.

5.1.2 NI 33-102 Regulation of Certain Registrant Activities

NOTICE OF NATIONAL INSTRUMENT 33-102
REGULATION OF CERTAIN REGISTRANT ACTIVITIES
AND COMPANION POLICY 33-102CP

Notice of Rule and Companion Policy

The Ontario Securities Commission (the "Commission") has, under section 143 of the *Securities Act* (Ontario) (the "Act") made National Instrument 33-102 Regulation of Certain Registrant Activities (the "National Instrument") as a rule under the Act. The Commission has also adopted Companion Policy 33-102.

The National Instrument and Companion Policy were delivered to the Minister of Finance on May 11, 2001. If the Minister does not approve, reject or return the National Instrument by July 10, 2001 or if the Minister approves the National Instrument, the National Instrument will come into force on August 1, 2001.

Background

The National Instrument is an initiative of the Canadian securities regulatory authorities. The Canadian securities regulatory authorities published a draft of the National Instrument on July 21, 2000 ("July 2000 Draft National Instrument") at (2000) 23 OSCB 4983 which was based on the following instruments:

Proposed National Instrument 33-102	Distribution of Securities at Financial Institutions
Companion Policy 33-102CP	Distribution of Securities at Financial Institutions
Proposed National Instrument 33-103	Distribution Networks
Proposed National Policy 33-201	Networking and Selling Arrangement Notices
Proposed National Instrument 33-104	Selling Arrangements
Companion Policy 33-104CP	Selling Arrangements

(collectively, "1997 Draft Instruments and Policies") along with notices that relate to each National Instrument.[1]

The 1997 Draft Instruments and Policies were based on *Principle of Regulation 1 - Re: Distribution of Mutual Funds by Financial Institutions, Principle of Regulation 2- Re: Full Service and Discount Brokerage Activities of Securities Dealers in Branches of Related Financial Institutions,* and *Principle of Regulation 3- Re: Activities of Registrants Related to Financial Institutions* (the "Principles of Regulation").

For further background, please see the notice published with the July 2000 Draft National Instrument and the 1997 Draft Instruments and Policies.

Purpose of the National Instrument and Companion Policy

The purpose of the National Instrument and Companion Policy is to ensure that clients dealing with registrants are provided with certain disclosure about the products they are purchasing and the risks that they face.

Summary of Written Comments Received

The Canadian securities regulatory authorities received five comment letters in response to the publication of the July 2000 Draft National Instrument. The Canadian securities regulatory authorities thank the commenters for providing their comments. For a detailed summary of the comments received, please see Appendix A.

In response to the comments, the Canadian securities regulatory authorities have made a number of changes to the National Instrument. As the changes made to the National Instrument are not considered by the Canadian securities regulatory authorities to be material, the National Instrument is not subject to a further comment period.

---

[1] In Ontario - (1997), 20 OSCB 6274, (1997), 20 OSCB 6285, (1997) 20 OSCB 6283, (1997) 20 OSCB 6289, (1997) 20 OSCB 6294, (1997) 20 OSCB 6293.

Changes to the National Instrument

1. *Part 3 – Disclosure of Confidential Retail Client Information*

i. Responses to Comments Received

In response to comments received, the Canadian securities regulatory authorities have

(a) amended section 3.1 (now section 3.2) to include a reference to circumstances "expressly permitted by law";
(b) allowed registrants to provide to a retail client a description of a class of third party in paragraph 3.2(a)(i);
(c) added section 3.4 which provides exemptions that no consent is necessary when confidential information is disclosed in certain circumstances; and
(d) clarified in the Companion Policy that registrants cannot use negative options to obtain consent for the disclosure of confidential client information.

ii. Non-Application of Part 3 in Québec

Part 3 of the National Instrument will not apply to registrants registered in Québec with respect to their dealings with retail clients in Québec because those registrants are subject to *An Act Respecting the Protection of Personal Information in the Private Sector* R.S.Q., c. P-39.1 ("Québec Protection of Personal Information Act"). Registrants in Québec must, with regard to the retention, use and communication of personal information, (a) ensure confidentiality of the personal information through security measures; (b) ensure that such information is accurate and up-to-date; (c) obtain the consent of the person concerned prior to using personal information when such use does not pertain to the purpose of the file or once the purpose of the personal information file has been accomplished; (d) obtain the consent of the person concerned before communicating personal information to third parties; and (e) ensure that the consent given for the use and communication is manifest, free, enlightened, and given for a specific purpose and limited time.[2]

Registrants in Québec may, exceptionally, communicate personal information without the consent of the person concerned in the case, for example, of information communicated to a third party for commercial prospecting purposes. The Québec Protection of Personal Information Act sets forth conditions for such communication. Further, it should be noted that the communication of personal information for study, research or statistical purposes without the consent of the person concerned is subject to the approval of the Commission d'accès à l'information du Québec (the «CAI»). In order for such approval to be granted, the CAI must be of the opinion that the intended use of the personal information is not frivolous and that such information will be used in a manner that will ensure its confidentiality.[3]

Registrants in Québec should also note that their authorized employees, mandataries or agents may have access to personal information without the consent of the person concerned only if the information is needed for the performance by these employees, mandataries and agents of their duties or the execution of their mandate. Finally, registrants in Québec should note that the Québec Protection of Personal Information Act sets forth certain conditions with regard to the communication outside Québec of personal information concerning their retail clients residing in Québec.[4]

The foregoing is not an exhaustive summary and registrants in Québec should address any questions the may have with respect to the protection of personal information of their retail clients to the CAI (1-888-528-7741, website: www.cai.gouv.qc.ca).

iii. Transitional Provision for Obtaining Consent from Existing Retail Clients

In section 4.4 of the Companion Policy, the Canadian securities regulatory authorities recognize that registrants have existing clients that have already provided consent for the disclosure of confidential information. Registrants who have obtained consent from existing retail clients to disclose confidential information do not have to get positive consent from those clients to continue to disclose that information. However, the registrant is required to send out a notice to all retail clients within 90 days of the implementation of the National Instrument that provides retail clients with the information set out in subsection 3.2(a) and notifies them of their right to withdraw their consent.

2. *Part 6 – Distribution of Securities in a Financial Institution*

The Canadian securities regulatory authorities have removed the requirement to provide certain disclosure in the promotional material of registrants that is distributed by or displayed in an office or branch of a Canadian financial institution. This section was deleted because it is the view of the Canadian securities regulatory authorities that the National Instrument does not generally deal with promotional material and that this disclosure is currently provided to clients in other documentation received, such as a mutual fund prospectus.

---

2 See sections 10 to 15 of the Québec Protection of Personal Information Act.
3 See sections 18 and 21 of the Québec Protection of Personal Information Act.
4 See sections 20 and 17 of the Québec Protection of Personal Information Act.

Networking Arrangement Notices

The securities regulatory authority in each of British Columbia, Ontario, Manitoba, Québec and Newfoundland intends to take the necessary actions to have the requirement to file notice of a networking arrangement in its regulation, rules or policies repealed or revoked. With ten years experience, registrants are able to determine what is and is not an acceptable networking arrangement through an examination of existing securities legislation and position papers.

For details about the specific steps taken by any province or territory and the timing of the actions to be taken, please contact staff in that jurisdiction listed below.

In Ontario and British Columbia, upon the implementation of the National Instrument, registrants will no longer have to file a notice of a networking arrangement.

Regulations to be Amended - Ontario

In Ontario, the Commission has made the following amendments to Regulation 1015 of the Revised Regulations of Ontario, 1990, (the "Regulation") in conjunction with the making of the National Instrument as a rule in Ontario. These amendments are advisable to effectively implement the National Instrument.

The amendments are subject to the approval of the Minister of Finance and will come into force upon the implementation of the National Instrument.

1. (1) Subsection 209 (1) of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by adding "and" at the end of clause (h), striking out "and" at the end of clause (i) and revoking clause (j).

   (2) Clause 209 (10) (a) of the Regulation is amended by striking out "clauses (1) (a) to (j)" and substituting "clauses (1) (a) to (i)".

2. The definition of "networking arrangement" in subsection 219 (1) of the Regulation is revoked.

3. Section 229 of the Regulation is revoked.

4. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on May 4, 2001 entitled "National Instrument 33-102 *Regulation of Certain Registrant Activities*" comes into force.

Rescission of the Principles of Regulation

"Principle of Regulation 1 - Re: Distribution of Mutual Funds by Financial Institutions, Principle of Regulation 2- Re: Full Service and Discount Brokerage Activities of Securities Dealers in Branches of Related Financial Institutions, and *Principle of Regulation 3- Re: Activities of Registrants Related to Financial Institutions* are rescinded."

Questions

Questions may be referred to any of:

Wayne Alford
Legal Counsel
Alberta Securities Commission
(403) 297-2092
wayne.alford@seccom.ab.ca

Veronica Armstrong
Senior Policy Advisor
British Columbia Securities Commission
(604) 899-6738
(800) 373-6393 (in B.C.)
varmstrong@bcsc.bc.ca

Douglas R. Brown
Counsel and Director, Legal and Enforcement
Manitoba Securities Commission
(204) 945-0605
dbrown@cca.gov.mb.ca

Andrew Nicholson

Deputy Administrator, Capital Markets
Office of the Administrator, Securities Branch
New Brunswick Department of Justice
(506) 658-3021
Andrew.Nicholson@gnb.ca

Susan W. Powell
Securities Analyst
Securities Commission of Newfoundland
(709) 729-4875
SPOWELL@mail.gov.nf.ca

Katharine Tummon
Registrar of Securities, Northwest Territories
(867) 873-7490
Katharine_Tummon@gov.nt.ca

Elaine Anne MacGregor
Deputy Director, Capital Markets
Nova Scotia Securities Commission
(902) 424-7768
macgreea@gov.ns.ca

Samantha VanGenne
Deputy Registrar of Securities
Registrar of Securities, Nunavut
(867) 920-6354
Samantha_VanGenne@gov.nt.ca

Tracey Stern
Legal Counsel, Market Regulation
Capital Markets Branch
Ontario Securities Commission
(416) 593-8167
tstern@osc.gov.on.ca

Mark Gallant
Deputy Registrar Securities Division
Registrar of Securities, Prince Edward Island
(902) 368-4552
mlgallant@gov.pe.ca

Sophie Jean
Policy Advisor
Commission des valeurs mobilières du Québec
(514) 940-2199 ext. 4578
sophie.jean@cvmq.com

Leah Fichter
Deputy Director, Registration
Saskatchewan Securities Commission
(306) 787-5876
leah.fichter@ssc.govmail.gov.sk.ca

Richard Roberts
Registrar of Securities, Yukon Territory
(867) 667-5225
rroberts@gov.yk.ca

The National Instrument

The text of the National Instrument and the Companion Policy follows.

May 11, 2001.

APPENDIX A

SUMMARY OF COMMENTS RECEIVED AND THE RESPONSE OF THE CANADIAN SECURITIES ADMINISTRATORS

NATIONAL INSTRUMENT 33-102
REGULATION OF CERTAIN REGISTRANT ACTIVITIES
AND COMPANION POLICY 33-102CP

DEFINITIONS (NI 33-102, Part 1)	
Definition of "Retail Client" (NI 33-102, section 1.1)	**IDA** - The commentator believes that a $5 million level appears unnecessarily high, considering current thresholds for sophisticated investors under securities legislation are considerably lower. The commentator would like to suggest that the threshold be lowered to the one or two million dollar level. *CSA Response: The CSA are of the view that the $5 million threshold is appropriate.*
LEVERAGE DISCLOSURE (NI 33-102, Part 2)	
Leverage disclosure too onerous (NI 33-102, section 2.1)	**Scotia McLeod** - The provision dealing with leverage disclosure as drafted will create significant practical administrative and evidentiary difficulties as it has the potential to lead to disputes and evidentiary problems in establishing what knowledge the dealer did or did not possess. In addition, the requirement would appear to necessitate establishment of extensive and costly distribution and tracking processes and systems. **IDA** - The commentator believes that the requirement to provide leverage disclosure to all clients when the registrant becomes aware that the client intends to borrow or purchase securities creates an onerous obligation on the part of the investment advisor to inquire as to how clients will fund a purchase of securities. *CSA Response: It is up to the registrant to determine how best to evidence the acknowledgement so that the registrant is satisfied that it has met the requirement. Since the registrant currently maintains files on clients and their transactions, maintaining evidence of the acknowledgement is not an administrative burden. In addition, in the opinion of the CSA, the registrant, as part of its duty to its client, should ascertain if the retail client is leveraging to purchase securities.*
Consistency with other requirements (NI 33-102, section 2.1)	IFIC - The leveraging disclosure requirements, as they apply to mutual fund dealers, will eventually be superseded by the MFDA requirements once it is a recognized SRO. Accordingly, the commentator believes some consideration should be given to ensuring consistency between the National Instrument requirements and any ultimately adopted by the MFDA in its proposed rules, regulations and by-laws. *CSA Response: The provision, as drafted, is consistent with the rules of the MFDA.*

One-time leverage disclosure (NI 33-102, section 2.1)	**Scotia McLeod** - The commentator believes that if the CSA continue to hold the view that specific leverage disclosure requirements are necessary, it should be a one-time disclosure made with the account opening documentation. **CBA** - The commentator believes that annual reminders are an acceptable alternative to the semi-annual requirement for leverage disclosure presently contemplated in the National Instrument. The commentator submits that an annual reminder would suffice, supplemented by additional disclosure of the risks of leveraging in marketing materials which promote leveraging. **IFIC** – The commentator proposes that leveraging disclosure be provided to clients at the time the client opens an account. This could be done as part of a routine mailing to clients or in a separate mailing. For new accounts, the commentator proposes that the National Instrument: 1. Require leveraging disclosure to be included in the account opening form with a client acknowledgement on that form; and 2. Require registrants to send an annual reminder to clients regarding leveraged transactions. The commentator feels that this would be a more consistent requirement for registrants to follow and would ensure that clients are getting this disclosure at least once a year. The current proposal to provide the disclosure within the six month period prior to making a leveraged purchase recommendation or becoming aware of the client's intention to make a leveraged investment may be difficult to monitor. A standardized annual mailing would ensure this information reaches the client regularly. *CSA Response: The CSA are of the view that one-time disclosure may not be sufficient given the lapse of time between opening the account and using leveraged monies to purchase securities. The CSA believe that a retail client should be reminded of the risks and obligations each time leverage is used.*
Clarification of language in leverage disclosure requirement (NI 33-102, subsection 2.1(1))	**CBA** – The commentator recommends that subsection 2.1(1) be amended to add the words "in the client's account" to clarify that transactions are those that involve leveraging by the client for the purpose of investment in the client's account with the registrant. Without this clarification, the subsection as drafted appears to capture also situations where the client is leveraging for the purposes of investment in other accounts. **IFIC** – The commentator suggests that subsection 2.1(1) be amended to add the words "in the client's account" after "...client's intent to employ leveraged monies for the purposes of investment" to ensure that the transactions subject to Part 2 are those that involve the client using leveraging for the purpose of investment in the client's account with the registrant. Otherwise, it appears to potentially capture situations where the client could be using leveraging for the purpose of investment in another account. *CSA Response: The CSA have amended subsection 2.1(1).*
Exemption ambiguous (NI 33-102, subsection 2.1(3))	**IDA** – The commentator believes that the language in the exemption contained in subsection 2.1(3) is unclear. There is some ambiguity as to whether the registrant must obtain an acknowledgement from the client in addition to providing the client with the written disclosure statement. *CSA Response: The CSA have clarified this subsection and indicated that the acknowledgement must also be received.*

Transition period for leverage disclosure	**CBA** - The commentator proposes that the CSA provide a six month period for registrants to amend their account opening forms to comply with the delivery of disclosure requirement. For accounts opened prior to the end of the transitional period, the commentator submits that registrants be given six months to deliver the disclosure statement to clients, without requiring an acknowledgement. **IDA** - As a result of the requirements in the National Instrument for written disclosure statements, client acknowledgements and consents, together with disclosures relating to promotional material, registrants will be required to reprint application forms and advertising material. Consequently, the commentator requests that a provision be included in the National Instrument to permit an effective date for registrant compliance that is six months to a year after the National Instrument comes into force. **IFIC** - The commentators suggest that the National Instrument include a transitional provision for accounts of clients opened prior to the effective date of the National Instrument. For those accounts, the commentator thinks it would be appropriate to require the leveraging disclosure to be made in a mailing to existing clients within six months of the enactment of the National Instrument. *CSA Response: The disclosure requirement does not prescribe the method of delivery of the disclosure. Upon the coming into force of the National Instrument, the disclosure must be given to all clients, whether included in the account opening form or provided as a separate document until such time as it can be included in the account opening form.*
DISCLOSURE OF CONFIDENTIAL RETAIL CLIENT INFORMATION (NI 33-102, Part 3)	
Personal Information Protection and Electronic Documents Act	**Scotia McLeod** - The commentator submits that the relevant provisions in the proposed National Instrument conflict with the Personal Information Protection and Electronic Documents Act. While the Personal Information Protection and Electronic Documents Act will initially apply to federally regulated financial entities, the commentator expects that at least some dealer subsidiaries of federally regulated financial institutions will also come into compliance with the Personal Information Protection and Electronic Documents Act. **IDA** - According to the commentator it would be beneficial if the National Instrument was harmonized with the Personal Information Protection and Electronic Documents Act particularly given the fact that Canadian financial institutions own many of the registrants and therefore, would have to implement two sets of potentially incompatible rules with which to work. *CSA Response: The CSA are of the view that the provisions of the National Instrument are consistent with the Personal Information Protection and Electronic Documents Act. The CSA will monitor the implementation of the Personal Information Protection and Electronic Documents Act and the application of provincial legislation to provincially regulated organizations. The CSA, however, are of the view that by including a reference to circumstances permitted by law in section 3.2, any exception to the requirement that is provided in federal or provincial legislation would be available to registrants.*

Exemption from the requirement to obtain consent (NI 33-102, part 3)	**Scotia McLeod** - The commentator is of the view that the consent requirements contained in the Principles of Regulation stating that no consent is necessary for information shared for internal audit, statistical or record keeping purposes are essential. **IDA** - The commentator is of the view that the consent requirements stating that no consent is necessary for information shared for internal audit, statistical or record keeping purposes was practical and necessary for large FI-related dealers who may integrate certain confidential information with their related financial institutions for purely audit or record-keeping purposes. The commentator recommends the addition of this exception in the National Instrument. **CBA** - The former Principles of Regulation did not require consent for these kinds of transfers of information, and the commentator submits that the same exemptions as were formerly in place need to be retained. *CSA Response: The CSA have included the exception that no consent is necessary when the information is disclosed for internal audit, statistical or record-keeping purposes and such information will not be used for any other purpose.*
Disclosure of confidential information too onerous (NI 33-102, part 3)	**Scotia McLeod** - The overall level of detail that is potentially required to be provided to clients may be so lengthy that it overwhelms clients, thereby materially detracting from attainment of the policy objectives of the consent process. **CBA** - It is the commentator's view that the provisions of Part 3 of the National Instrument regarding the disclosure of confidential retail client information are unnecessarily limiting upon the registrant. *CSA Response: The CSA are of the view that this information is necessary for the retail client to provide informed consent.*
Unknown third party	**Scotia McLeod** - The provision requires the client to be informed in advance of the name of the third party to which the information will be disclosed. In effect, any changes in the parties to which information is to be disclosed that occur subsequent to the time a consent is received would require an additional prior notice to be given to the client and a new consent obtained. That would result in significant cost and administrative burdens. The commentator believes that it should be permissible to provide a more generic description of the type of entity to which disclosures may be made. **IDA** – A question arises regarding the issue where the person is unknown at the time. **CBA** - Disclosing the name of the third party may be problematic if the list is long and particularly, if that person is unknown at the time. It will not always be possible to disclose the name in advance as when agents are replaced or new service providers are chosen. The commentator submits that it should be sufficient that at the time the client's account is set up, the registrant identify the classes of persons who might receive the client's information for necessary or administrative reasons i.e. its affiliates, agents, service providers, legal counsel, government agencies etc. At the time the account is set up, a separate broad generic disclosure about the types of affiliates to whom the dealer desires to disclose information for marketing reasons should also be made. *CSA Response: The CSA have amended the requirement to allow for including a description of a class of third party. The CSA note, however, that some provincial legislation has more onerous requirements in this regard.*

Public information	**CBA** - Not all information about retail clients is confidential. For example, public information such as telephone book information and information in public registries is not confidential. This section differs and is needlessly more restrictive than the Personal Information Protection and Electronic Documents Act which does recognize the existence of public information and does not require consent to disclose public information. **IDA** - Subsection 7(3) of the Personal Information Protection and Electronic Documents Act sets out numerous situations where organizations may disclose personal information without the knowledge or consent of the individual. It would be useful if the National Instrument specifically set out certain items that are permissible to disclose without consent. For example, under paragraph h.1 of sub-section 7(3) of the Personal Information Protection and Electronic Documents Act, publicly available information such as the retail client's telephone number would be permitted; however, under the National Instrument, the registrant would have to utilize section 3.2 and require the consent for any such disclosure. *CSA Response: The CSA recognize that the Personal Information Protection and Electronic Documents Act provides that no consent is necessary for the disclosure of information that is already publicly available and that is specified by the regulations made under that legislation. Currently, no regulations have been enacted.*
Disclosure limited to information that is "Reasonably Necessary" (NI 33-102, section 3.2)	**IDA** - This section is overly restrictive in that it permits a registrant to require a retail client to consent to the registrant disclosing confidential information where disclosure is "reasonably necessary" to provide a product that the client has requested. **IFIC** - The commentator believes the client's consent should generally cover the provision of information to the parties necessary to provide the product or service to the client, all of whom must observe the client's right to confidentiality. This approach is consistent with the federal privacy legislation. *CSA Response: The CSA are of the view that the standard is appropriate.*
"Required by Law" (NI 33-102, section 3.1)	**Scotia McLeod** - The commentator is unclear as to why consent is required for disclosure "except as required by law", and no provision is made for disclosure as permitted by law. **CBA** - Currently, common law permits disclosure without consent in a variety of instances. The *Personal Information Protection and Electronic Documents Act* also permits disclosure of client information without consent in a variety of instances. These exceptions are legal "permissions" not "requirements". There need to be instances set out in the National Instrument such as investigating a crime, where consent is not required. *CSA Response: The CSA have amended section 3.1 [now 3.2] to include a reference to circumstances "expressly permitted by law".*
ACKNOWLEDGEMENT	
Electronic disclosure (CP 33-102, section 1.4)	**IFIC** - The commentator suggests that the Companion Policy also be revised to confirm that registrants may provide disclosure to clients, or obtain acknowledgements from clients, electronically. **Scotia McLeod** - References to "written" disclosure seem to imply the use of paper documentation. The commentator suggests that drafting should reflect the ability of the dealer to provide disclosure, obtain consents and otherwise interact with clients through appropriate electronic means. *CSA Response: The CSA have clarified that registrants may provide disclosure electronically.*

Need for acknowledgement (NI 33-102, subsections 2.1(2) and 6.2(2))	**Scotia McLeod - The commentator does not believe that the disclosure contemplated is significantly more important than other disclosures provided to clients, and that it warrants the additional step of obtaining an acknowledgement from the client that the disclosure has been provided and read.** *CSA Response: The CSA are of the view that it is important for clients to understand the risks associated with leverage and that they also understand from whom they are purchasing products, especially where products of multiple entities are sold. Therefore, in the view of the CSA, it is appropriate to include the requirement for an acknowledgement.*
DISTRIBUTION OF SECURITIES IN A FINANCIAL INSTITUTION (NI 33-102, Part 6)	
Disclosure in promotional material too onerous (NI 33-102, section 6.3)	**Scotia McLeod** - The requirement to include the specified disclosures in all in-branch promotional materials is excessive and cumbersome. The commentator questions the necessity of such a requirement in addition to providing the disclosure at the time of account opening. In addition, the commentator is not convinced there is a policy basis for applying different leverage disclosure requirements to registrants based on where they conduct their activities. **IDA** - The commentator believes that the requirement to provide written disclosure of the information contained in sections 2.1 and 6.3 in all promotional material that is distributed or displayed in an office or branch of a financial institution is an onerous requirement. The commentator is of the view that the objective of this requirement would be adequately served by providing such disclosure in account opening documentation, where the client will acknowledge having read the disclosure. **IFIC** - Including this disclosure in all promotional material dilutes the effectiveness of the disclosure. If the CSA insist that promotional material include disclosure on leveraging, it would be preferable to require this disclosure to be made only on promotional material that specifically promotes leveraging as an investment strategy or option. The disclosure would then be directly relevant to the material and the transaction the client could be contemplating. *CSA Response: The CSA have amended the National Instrument to eliminate the requirement to disclose the information contained in section 2.1 and 6.2 in promotional materials distributed or displayed in an office or branch of a financial institution.*
Distinction between registrants in Canadian financial institution and other registrants (NI 33-102, section 6.3)	**CBA** - The commentator submits that the leverage disclosure requirement should be included in section 2.1 and not in Part 6 and thus be applicable to all registrants. The commentator submits that there is no reason to distinguish financial institution related registrants from other registrants for this purpose. **IFIC** - The commentator questions why the provision of this disclosure is limited to those who engage in securities-related activities through an office or branch of financial institution. As with the general requirements in Part 2, there should be a level playing field and these requirements should be applicable to all registrants. **IDA** - The commentator recommends that if the CSA elect to maintain the requirement to provide disclosure on promotional material, they recommend that a narrower approach be adopted with respect to the disclosure required. Promotional material specifically promoting the purchase of securities through leveraging should contain the disclosure. General product and services promotional material, which could also be used at a dealer branch, should not be caught by this requirement. *CSA Response: The CSA have amended the National Instrument to eliminate the requirement to disclose the information contained in section 2.1 and 6.2 in promotional materials distributed or displayed in an office or branch of a financial institution.*

Leverage disclosure only in promotional material (NI 33-102, section 6.3)	**Confédération des caisses populaires et d'économie Desjardins du Québec** -The commentator believes that the written statement relative to leverage should be limited to publicity material promoting only such types of operations: for example, during an RRSP campaign during which it is proposed to the client to borrow funds in order to contribute to his RRSP. **CBA** – The CBA submits that including the leverage disclosure should not be required to be included in all in-branch marketing materials as it is excessive and unnecessary. They recommend that the leveraging disclosure should only be made in marketing materials that recommend leveraging as an investment strategy. *CSA Response: The CSA have amended the National Instrument to eliminate the requirement to disclose the information contained in section 2.1 and 6.2 in promotional materials distributed or displayed in an office or branch of a financial institution.*
MISCELLANEOUS	
Disclosure in the *Financial Institutions Act* (British Columbia)	**CBA** - The commentator submits that financial institutions related registrants already provide much of the suggested disclosure and that additional disclosure provisions similar to the disclosure required under the *Financial Institutions Act* should not be imposed in the National Instrument. **IFIC** - The commentator queries what is added by requiring the following disclosure elements: 1. the nature and extent of any interest the financial institution has in the transaction, including any commission or other remuneration; 2. the identity of the person paying the commission or other remuneration; and 3. the prohibition against tied selling. In the commentator's view, these elements of disclosure are already adequately covered in the prospectus disclosure required under National Instrument 81-105 and under the federal *Competition Act*. *CSA Response: The CSA have decided not to incorporate the disclosure provisions set out in the Financial Institutions Act of British Columbia into the National Instrument.*
Use of Form 4 Instead of Form 4A	**CBA** - The commentator does not object to CSA's comment that the use of Form 4A will be discontinued, but they would like confirmation that registrants who have obtained registration using a Form 4A will not be required to complete a new Form 4 as a result of this change. **IFIC** - The commentator anticipates that registrations under Form 4A prior to the enactment of the National Instrument would be grandfathered and those registered under the Form 4A would not have to file a Form 4 upon renewal of their registration. The commentator suggests that this could be noted in the National Instrument. *CSA Response: Currently, registration will continue based on Form 4A in those jurisdictions that currently accept the Form. However, once NRD is implemented, the registrant will be required to complete all requisite NRD forms. There will be no abbreviated forms under the NRD system. It is anticipated that Québec will adopt the replacement NRD forms.*

NATIONAL INSTRUMENT 33-102
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

TABLE OF CONTENTS

NATIONAL INSTRUMENT
33-102
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

PART 1 DEFINITIONS

1.1 Definitions - In this Instrument,

(a) **"recognized SRO"** means an SRO that is recognized as a self-regulatory organization by the Canadian securities regulatory authority; and

(b) **"retail client"** means

i) an individual, unless the individual has a net worth exceeding $5 million, or

ii) a person or company, other than an individual, unless the person or company has total assets or annual revenues exceeding $10 million,

but does not include

iii) a Canadian financial institution, or

iv) a person or company registered under Canadian securities legislation.

PART 2 LEVERAGE DISCLOSURE

2.1 Leverage Disclosure

(1) When a registrant opens an account for a retail client or when a registrant makes a recommendation to a retail client to purchase securities using in whole or in part borrowed money, or otherwise becomes aware of a retail client's intent to purchase securities using in whole or in part borrowed money, the registrant shall deliver to the retail client, before the retail client purchases those securities, a written disclosure statement in substantially the following words:

> Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

(2) Before executing an order on behalf of a retail client purchasing securities who to the knowledge of the registrant is using in whole or in part borrowed money in connection with the purchase, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.

(3) A registrant is not required to comply with subsections (1) and (2) if:

(a) the registrant has delivered the written disclosure statement required by subsection (1) to the retail client and the client has delivered an acknowledgement within the six month period prior to the registrant making the recommendation for purchasing securities by using in whole or in part borrowed money, or otherwise becoming aware of a retail client's intent to purchase securities using in whole or in part borrowed money, or

(b) the registrant is subject to and complies with the leverage disclosure by-laws, rules, regulations or policies of a recognized SRO.

2.2 **Exemption for Margin Accounts** - Section 2.1 does not apply to purchases of securities by a retail client on margin if the client's margin account is maintained with a registrant that is a member of a recognized SRO and the margin account is operated in accordance with the by-laws, rules, regulations or policies of the recognized SRO.

PART 3 DISCLOSURE OF CONFIDENTIAL RETAIL CLIENT INFORMATION

3.1 **Application of this Part** – This Part does not apply to a registrant registered under securities legislation in Québec with respect to its dealings with retail clients in Québec.

3.2 **Consent Required** - A registrant shall hold all information about a retail client confidential and shall not disclose the information to any third party, except as expressly permitted or required by law or the by-laws, rules, regulations or policies of a recognized SRO, unless, before disclosing the information,

(a) the registrant provides at least the following information to the retail client to whom the information pertains:

(i) the name of the third party or a description of the class of third party to which the information will be disclosed;

(ii) the nature of the relationship between the registrant and the third party;

(iii) the nature of the information that will be disclosed;

(iv) the intended use of the information by the third party, including whether the third party will disclose the information to others;

(v) a statement that the retail client has the right to revoke the consent referred to in paragraph (b), and the effect of the revocation; and

(vi) a statement that the retail client's consent under paragraph (b) is not required as a condition of the registrant dealing with the retail client, except in circumstances described in section 3.3; and

(b) the retail client provides consent to the specified disclosure of the confidential client information.

3.3 **Prohibition to Require Consent as a Condition** - No registrant shall require a retail client to consent to the registrant disclosing confidential information regarding the retail client as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless the disclosure of the information is reasonably necessary to provide the specific product or service that the retail client has requested.

3.4 **Consent not Required** – Despite section 3.2, a registrant does not need to obtain retail client consent to disclose confidential retail client information

(a) for audit, statistical or record-keeping purposes;

(b) to a law enforcement agency, securities regulatory authority or self-regulatory organization;

(c) for the collection of a debt owed by the client; or

(d) to a barrister or solicitor for the purpose of obtaining legal advice.

PART 4 SETTLING SECURITIES TRANSACTIONS

4.1 **Settling Securities Transactions** - No registrant shall require a person or company to settle that person's or company's transaction with the registrant through that person's or company's account at a Canadian financial institution as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless this method of settlement is reasonably necessary to provide the specific product or service that the person or company has requested.

PART 5 TIED SELLING

5.1 **Tied Selling** - No person or company shall require another person or company

(a) to invest in particular securities, either as a condition or on terms that would appear to a reasonable person to be a condition, of supplying or continuing to supply products or services; or

(b) to purchase or use any products or services, either as a condition or on terms that would

appear to a reasonable person to be a condition, of selling particular securities.

PART 6 DISCLOSURE IN RESPECT OF SECURITIES RELATED ACTIVITIES IN A CANADIAN FINANCIAL INSTITUTION

6.1 Application of Part 6 - This Part applies only to registrants conducting securities related activities in an office or branch of a Canadian financial institution.

6.2 Disclosure

(1) When a registrant opens an account for a retail client, a registrant shall deliver a written disclosure statement that the registrant is a separate entity from the Canadian financial institution and, unless otherwise advised by the registrant, securities purchased from or through the registrant

(a) are not insured by a government deposit insurer,

(b) are not guaranteed by a Canadian financial institution, and

(c) may fluctuate in value.

(2) At the time that the account is opened, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.

PART 7 EXEMPTION

7.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

PART 8 EFFECTIVE DATE

8.1 Effective Date - This Instrument comes into force on August 1, 2001.

COMPANION POLICY 33-102CP
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

TABLE OF CONTENTS

COMPANION POLICY 33-102CP
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

PART 1 DISCLOSURE

1.1 **Leverage Disclosure** - Registrants are reminded that leveraging is an important factor to consider when determining suitability and when fulfilling other obligations to clients. National Instrument 33-102 Regulation of Certain Registrant Activities (the "National Instrument") in no way implies that the provision of the leverage disclosure statement referred to in section 2.1 of the National Instrument fulfils the registrant's ongoing duties to its clients. There may be circumstances when a registrant, as part of the registrant's general responsibilities, should remind investors about the risks of purchasing securities using in whole or in part borrowed money.

1.2 **Borrowed Money** - Section 2.1 of the National Instrument requires that leverage disclosure be provided to a retail client when a registrant makes a recommendation to a retail client to purchase securities using in whole or in part borrowed money, or otherwise becomes aware of a retail client's intent to purchase securities using in whole or in part borrowed money. This requirement applies whether or not the borrowed money was specifically borrowed for the purpose of purchasing the securities.

1.3 **Client acknowledgement** - The acknowledgements of a retail client referred to in subsections 2.1(2) and 6.2(2) of the National Instrument may be obtained by a registrant in a number of ways, including requesting the retail client's signature, requesting that the retail client initial an initial box or requesting that the retail client place a check in a check-off box. It is the responsibility of the registrant to draw the client's attention to the disclosure. The acknowledgement must be specific to the information disclosed to the retail client (i.e. disclosure regarding the risks of using leverage to purchase securities or the description of the nature of securities) and must confirm that the retail client has read the relevant information.

1.4 **Exemption for Margin Accounts** - Section 2.2 of the National Instrument exempts registrants from the requirement to provide additional leverage disclosure to retail clients opening a margin account. The exemption is provided because the by-laws, rules, regulations or policies of an SRO may already require that clients with margin accounts acknowledge receipt of leverage disclosure in the account opening form.

1.5 **Electronic Means** – All disclosure or consents required by the National Instrument may be delivered by electronic means and are subject to the provisions of all applicable federal or provincial legislation governing the delivery of electronic documents. Reference should also be made to National Policy 11-201 Delivery of Documents by Electronic Means.

PART 2 COMPLIANCE AND SUPERVISORY ACTIVITIES

2.1 **Registrant Premises** - Securities legislation requires that a registrant designate one officer or partner, known as a compliance officer, to be responsible for ensuring compliance by the registrant and its registered personnel with securities legislation and the registrant's written procedures for dealing with its clients. Any office or branch office of the registrant may be designated by the registrant as its central location for a local jurisdiction.

2.2 **Registrant Responsibility to Prevent Client Confusion** - The registrant is responsible for ensuring that clients understand with which legal entity they are dealing, especially if more than one financial service firm is carrying on business in the same location, and the products being sold to them. The client may be informed through various methods, including signage and disclosure. Registrants are reminded of the obligation to carry on all registrable activities in the name of the registrant. Contracts, confirmations and account statements, among other documents, should contain the full legal name of the registrant.

2.3 **Supervision of Sub-branches** - The Canadian securities regulatory authorities permit the operation of sub-branch offices of registrants in certain circumstances. The activities of registrants operating within a sub-branch office are generally supervised by a branch manager in a location other than the sub-branch. The Canadian securities regulatory authorities are of the view that such supervision is appropriate in most circumstances. However, the Canadian securities regulatory authorities will consider the facts on a case-by-case basis to ensure that an appropriate level of supervision is in place.

PART 3 RECORD KEEPING

3.1 **Third Party Access to Information** - All registrants have a duty to maintain proper books and records and to ensure that there are proper safeguards in place to ensure that there is no unauthorized access to information, particularly confidential client information. If the registrant maintains books and records in a central location to which employees of a third party have access, the registrant should be particularly vigilant in ensuring these safeguards are implemented and effective.

PART 4 RETAIL CLIENT CONSENT

4.1 **Application of Part 3 of the National Instrument** – Part 3 of the National Instrument does not apply to a registrant registered under securities legislation in Québec with respect to its dealings with retail clients in Québec. These registrants must comply with *An Act Respecting the Protection of Personal Information in the Private Sector,* R.S.Q., c. P-39.1

regarding the protection of personal information of their clients.

4.2 **Obtaining Retail Client Consent** - The retail client consent referred to in paragraph 3.2(b) of the National Instrument may be obtained by a registrant in a number of ways, including requesting the retail client's signature, requesting that the retail client initial an initial box or requesting that the retail client place a check in a check-off box.

4.3 **Providing Consent** – Subsection 3.2(b) of the National Instrument states that the client must "provide consent" to the disclosure of the confidential information. It is the view of the Canadian securities regulatory authorities that a retail client provides consent if the retail client takes positive steps to provide the consent required. Upon implementation of the National Instrument, a registrant that uses a "negative option" to obtain consent to disclose the confidential information does not comply with the requirement to obtain consent. For example, a retail client who does not check a check-off box or initial an initial box cannot be presumed to "provide consent" to the transfer of the information to a third party.

4.4 **Consent by Existing Retail Clients** – The Canadian securities regulatory authorities recognize that registrants have existing clients that have already provided consent for the disclosure of confidential information. An existing retail client is considered to have provided consent under subsection 3.2(b) if the retail client:

(a) has provided consent, either positively or negatively, to the registrant to disclose confidential client information prior to the implementation of the National Instrument, and

(b) is provided with a notice that contains

(i) the disclosure required in subsection 3.2(a) of the National Instrument, and

(ii) a statement of the right of the retail client to withdraw his or her consent.

This notice should be provided to all existing retail clients within 90 days of the implementation of the National Instrument.

4.5 **Timing of Retail Client Consent** - Consent to the disclosure of confidential retail client information is to be obtained by the registrant when the information is collected (i.e. upon account opening). However, in certain circumstances, consent with respect to the disclosure of the information should be sought after the collection of the information if the registrant wants to provide the information to a third party not previously identified or if the use by the third party was not initially disclosed.

PART 5 PRODUCTS AND SERVICES

5.1 **Opening an Account** - The Canadian securities regulatory authorities note that the "products or services" referred to in section 3.3, section 4.1 and section 5.1 of the National Instrument include the opening of an account.

PART 6 RELATIONSHIP PRICING

6.1 **Relationship Pricing** - The Canadian securities regulatory authorities are aware that industry participants offer financial incentives or advantages to certain clients, a practice that is commonly referred to as relationship pricing. The tied selling provision in Part 5 of the National Instrument is intended to prevent certain abusive sales practices and is not intended to prohibit relationship pricing or other beneficial selling arrangements similar to relationship pricing. By way of example, the Canadian securities regulatory authorities are of the view that Part 5 of the National Instrument would not be contravened in a case where a financial institution offered to make a loan to a client on more favourable terms or conditions than the financial institution would otherwise offer to the client as a result of the client's agreement to acquire securities of mutual funds that are sponsored by the financial institution. They are of the view that Part 5 of the National Instrument would be contravened, however, if the financial institution refused to make the loan unless the client acquired securities of mutual funds that are sponsored by the financial institution, where the client otherwise met the financial institution's criteria for making loans.

This Page Intentionally left blank

Chapter 6

Request for Comments

6.1 Request for Comments

6.1.1 CSA Request for Comments 81-401 Joint Forum of Financial Market Regulators Discussion Paper Proposed Regulatory Principles for Capital AccumulationPlans

Joint Forum of Financial Market Regulators
Forum conjoint des autorités de réglementation du marché financier

Joint Forum Releases Consultation Paper on Capital Accumulation Plans

TORONTO (April 27, 2001) - The Joint Forum of Financial Market Regulators (Joint Forum) today released for consultation a discussion paper titled ***Proposed Regulatory Principles for Capital Accumulation Plans.***

The paper proposes broad regulatory principles for disclosure and other regulatory protection for the millions of Canadians who belong to capital accumulation plans (CAPs). CAPs, which include defined contribution pension plans, group registered retirement savings plans, deferred profit sharing plans and employee profit sharing plans, provide investors with a range of investment options to fulfill their goals for retirement.

Three million Canadians have accumulated more than $60 billion in over 40,000 capital accumulation plans, and these numbers are growing.

"There is a growing trend in capital accumulation plans to make members responsible for selecting their own investments," said Dina Palozzi, Chair of the Joint Forum and CEO and Superintendent of Financial Services in Ontario. "These decisions affect their retirement income and underscore the importance of access to clear, objective information about the risks and benefits of different investment options."

The regulatory principles being proposed by the Joint Forum would offer a similar level of protection to all members of capital accumulation plans, regardless of which jurisdiction's laws apply or the industry in which the funds are invested. The discussion paper recognizes that ultimately the regulatory framework chosen will have to take into consideration the differences between the civil code applicable in Quebec and the common law applicable in the other provinces and territories. In this regard, regulators in Quebec are pursuing their own consultation plan on the recommended principles, in close parallel with other jurisdictions.

"We look forward to receiving comments on the consultation document and to working with industry groups to develop regulatory principles to recommend to securities, insurance and pension regulators across Canada," said Sherallyn Miller, Chair of the Joint Forum Working Committee that developed the consultation paper and Superintendent of Pensions for British Columbia.

Copies of the consultation document and information on the consultation process can be found on provincial regulators' web sites, for example, on the web site for the Financial Services Commission of Ontario at www.fsco.gov.on.ca.

The Joint Forum was founded in 1999 by the Canadian Council of Insurance Regulators (CCIR), the Canadian Association of Pension Supervisory Authorities (CAPSA) and the Canadian Securities Administrators (CSA), and also includes representation from the Canadian Insurance Services Regulatory Organizations (CISRO) and the Bureau des services financiers in Quebec.

Contact:

Sherallyn Miller
Chair, Working Committee on Capital Accumulation Plans of the Joint Forum of Financial Market Regulators and Chair, Canadian Association of Pension Supervisory Authorities
(604) 775-1348
sherallyn.miller@gems2.gov.bc.ca

CANADIAN ASSOCIATION OF PENSION SUPERVISORY AUTHORITIES

Dina Palozzi
(Chair of the Joint Forum)
CEO & Superintendent of Financial Services
Ontario

Sherallyn Miller
Superintendent of Pensions
British Columbia

Gail Armitage
Superintendent of Pensions
Alberta

David Wild
Superintendent of Pensions
Saskatchewan

CANADIAN SECURITIES ADMINISTRATORS

Doug Hyndman
Chair
British Columbia Securities Commission

Carmen Crépin
Chair
Quebec Securities Commission

Robert B. MacLellan
Chair
Nova Scotia Securities Commission

Howard Wetston
Vice Chair
Ontario Securities Commission

CANADIAN COUNCIL OF INSURANCE REGULATORS

Winston Morris
Superintendent of Insurance and Pensions
Newfoundland

Jim Hall
Superintendent of Insurance
Saskatchewan

Jacques Henrichon
Deputy Inspector General of Financial Institutions
Quebec

James Scalena
Superintendent of Financial Institutions
Manitoba

CANADIAN INSURANCE SERVICES REGULATORY ORGANIZATIONS

Lucie Granger
Directrice général et secrétaire Chambre de la sécurité financière

BUREAU DES SERVICES FINANCIERS

Louise Champoux-Paillé
President

JOINT FORUM OF FINANCIAL MARKET REGULATORS' REPORT ON PROPOSED REGULATORY PRINCIPLES FOR CAPITAL ACCUMULATION PLANS

April 27, 2001

TABLE OF CONTENTS

I INTRODUCTION

The regulation of capital accumulation plans (CAPs) is not harmonized across Canadian jurisdictions, nor across the insurance, pension and securities sectors in each jurisdiction. As a result, individual investors in CAPs receive varying degrees of regulatory protection depending upon the nature of the investment product and the regulatory framework applicable to that investment product.

This paper was developed by the Joint Forum of Financial Market Regulators (the Joint Forum) to address two issues:

1. The need to ensure that members of CAPs have (i) similar regulatory protection when making similar types of investment decisions, regardless of the applicable legislative regime; and (ii) the information and other tools they need to make informed investment decisions, where they are responsible for making those decisions.

2. The need of employers and administrators[1] to have their duties and responsibilities with respect to CAPs clearly defined, and harmonized across jurisdictions and products.

In this paper the term "capital accumulation plans" or "CAPs" refers to investment vehicles established by employers for the benefit of their employees that permit those employees to make investment decisions. These plans are primarily intended to ensure the financial security of employees in their retirement.

Also, in this paper CAPs specifically include four types of investment vehicles:

- Defined contribution pension plans that permit employees to make their own investment choices (ECDCPPs), as opposed to "traditional" defined contribution pension plans in which the administrator makes the investment decisions;
- Group registered retirement savings plans provided to employees by employers (group RRSPs);
- Deferred profit sharing plans (DPSPs); and
- Employee profit sharing plans (EPSPs)[2].

Traditional defined contribution pension plans in which the administrator is responsible for all investment decisions are not considered in this paper. Moreover, nothing in this paper should be construed as favouring ECDCPPs over traditional defined contribution pension plans.

The Joint Forum Working Committee on Investment Disclosure in Capital Accumulation Plans (the Working Committee) believes that it is necessary and appropriate to coordinate and harmonize the treatment of CAPs to give similar protection to investors in these different, yet functionally similar products. As a result, the paper proposes that the regulation of CAPs be harmonized to ensure that employees in these plans have a similar level of protection and investment information, regardless of the type of CAP and the applicable legislative regime.

The intent of this paper is to propose appropriate principles of regulation for CAPs regarding investment choices provided to members. The paper does not suggest how these principles might ultimately be implemented. Some options for implementation are listed at the end of the paper for discussion and comment. It may be necessary to introduce legislative or other changes to implement the proposed principles. For ECDCPPs, there is jurisdiction to set disclosure and other minimum standards in pension legislation or regulations. For group RRSPs, the jurisdiction to regulate the investment disclosure provided to members currently depends on whether the products being offered are insurance or securities products.

Questions related to implementation will be addressed by the Working Committee as it continues its work.

---

[1] Throughout this paper, "employer" refers to an employer who offers a group registered retirement savings plan, deferred profit sharing plan or employee profit sharing plan to its employees, and "administrator" refers to an employer, board of trustees, pension committee or other statutory entity responsible for the administration of a defined contribution pension plan.

[2] Currently, as set out in Section II of this paper, the vast majority of CAPs are either ECDCPPs or group RRSPs. There is a relatively small number of DPSPs and EPSPs. For this reason, the paper focuses primarily on ECDCPPs and group RRSPs sponsored by employers. Further work may be necessary to determine whether the proposed principles are appropriate for DPSPs, EPSPs and other types of CAPs.

This paper reflects the ideas of the regulators that are members of the Joint Forum and its member associations, including the Canadian Securities Administrators (CSA), the Canadian Council of Insurance Regulators (CCIR) and the Canadian Association of Pension Supervisory Authorities (CAPSA). It does not necessarily represent the views of any government. It is the first step in a process to propose new, harmonized investment disclosure rules for CAPs in Canada.

The Working Committee reviewed the regulatory environment in Canada, and the relevant law in the U.S. (ERISA). It may also be beneficial to investigate other regulatory approaches to the issue of investment choice and disclosure for CAP members before these principles are finalized.

The Working Committee welcomes comments on the proposed principles and how they might be implemented.

II PROBLEMS TO BE ADDRESSED BY THE PROPOSED PRINCIPLES

The primary issue for regulators is that plan members who have choices regarding the investment of their plan savings assume more direct responsibility for investment decisions. This is a significant change from traditional pension plans in which the employer provided either defined benefits or a managed money purchase account. Plan members should be provided sufficient information to understand the risks and implications of this responsibility, and to be able to make informed choices.

At the same time, employers and administrators have requested clarification of their duties and responsibilities in this new environment.

There is also a general need for harmonization of the rules to ensure that similar rules apply to similar products, and that adequate information and protection is provided to all members of CAPs. Currently, there is a confusing array of regulations that apply to these products, depending on which jurisdiction's laws apply to the CAP and the type of investment products offered by the CAP. There are both regulatory gaps and regulatory overlaps in the current environment. Sometimes securities rules apply to CAPs and sometimes CAPs are exempted from these rules, depending both on the applicable jurisdiction and on the nature of the investment product through which the plan is funded. It may be that securities legislation is not the appropriate regulatory framework for these employer-sponsored plans in which the employers and administrators owe fiduciary duties to members, and in which the nature of the investment decision may be different from the typical retail securities transaction. However, it is important that members in these plans receive appropriate and equivalent regulatory protection and investment information, regardless of the legislation that currently applies.

The following is a fictional pension plan scenario which points out some of the issues faced by regulators, and employers and administrators in the current environment.

(i) Scenario Facts:

The fictional pension plan is a large, single employer ECDCPP which is provincially regulated. The plan is administered by a board of trustees (the "Administrator"), whose responsibilities are set out in the trust agreement establishing the plan and in provincial pension legislation. The Administrator has a fiduciary duty to the plan members under both pension legislation and trust law. The plan has a written statement of investment policies and procedures which it must follow.

The plan offers members a small number of choices, ranging from conservative to less conservative investment funds managed by the Administrator. The Administrator provides educational materials to plan members concerning investing and asset allocation, the investment funds available to the members, the plan's annual report which includes audited financial information, and quarterly account statements describing a member's investments under the plan. Plan members do not receive a prospectus relating to these investment funds. Plan members are permitted to change their investment choices.

The plan does not have a registered advisor or registered salesperson available to provide advice to plan members about the investment options available to them. The Administrator suggests (but does not require) that individuals receive investment advice from a registrant of their choice when they join the plan and when the investment options change.

(ii) Scenario Issues:

The requirements of securities legislation to have a registered salesperson and a prospectus for the investment funds into which members invest their pension assets would apply since individual members are making investment decisions. There is no statutory exemption for such transactions. The plan itself (or the Administrator on behalf of the plan) is not making the investments and therefore cannot rely on the "sophisticated purchaser" exemptions.

The plan argues that securities law may not be appropriate in the circumstances. But the trustees are also concerned about investment choices being made by members, and whether those choices are properly informed and reasoned choices. The trustees are uncertain as to the scope of their potential liability as a result of their fiduciary responsibilities under pension legislation and trust law if a plan member experiences poor investment performance results. As well, they are concerned about the potential for liability if there has been any non-compliance with securities law.

Plan administrators are becoming increasingly aware that in most cases exemptions from securities legislation are not available to them. They have expressed concern about the cost and administrative complexity of having to comply with all of the requirements of securities legislation in addition to requirements under pension legislation. As a result, some plan administrators have applied to securities regulators for relief from prospectus and registration requirements in order to eliminate what is perceived to be unnecessary regulatory "overlap".

This scenario is just one example of the difficulties with the current regulatory system. Regulators note that investors assume greater risk in defined contribution plans than in defined benefit pension plans where members are guaranteed a certain benefit at retirement without any responsibility for the investment of their contributions. Investors assume even greater risks in ECDCPPs and other CAPs. Consequently, regulators are concerned about the adequacy of the information being provided to plan members, and whether it is a sufficient and appropriate substitute for the disclosure in a prospectus. Regulators are also concerned about the lack of advice from a registered sales representative or advisor to ensure that investment choices are suitable.

The principles proposed by this paper are designed to provide a harmonized regulatory approach to all of these issues, and to meet the needs of both plan members, and employers and administrators.

III THE MARKET REALITY: AN OVERVIEW OF THE CAP MARKET

This section contains a summary of current statistics on all defined contribution pension plans (including ECDCPPs and traditional defined contribution pension plans), group RRSPs, DPSPs and EPSPs. Statistics on money purchase plans are useful because the majority of these plans offer investment choices to members and thus, are included within the definition of CAPs for purposes of this paper.

(i) The CAP Market

According to the Benefits Canada 1999 Money Purchase Plan Report,[3] administered money purchase plans break down as set out in the following table:

	Group RRSPs	DCPPs (includes ECDCPPs & "traditional" DCPPs)	DPSPs	EPSPs & other non-registered retirement & savings plans	Total
Assets (billions)	$ 22.6	$ 16.4	$ 3.1	$ 4.1	$ 46.2
Number of Plans	30362	10066	1407	–	41835
Individual Members	1555410	860791	356092	–	2772293
% of Money Purchase Market	49%	36%	7%	8%	100%

More recent statistics indicate that the total administered assets for the money purchase plan market was $60.2 billion for the year ending June 30, 2000.[4]

(ii) Who Administers CAPs?

- Life insurance companies administer approximately 67% of CAPs in Canada and trust companies are responsible for the administration of approximately 28% of these plans.[5]
- Most CAPs administered by life insurance companies are funded through a group insurance contract, also referred to as a group annuity contract, which is a contract of life insurance governed by the provisions of provincial insurance legislation. The investment options underlying the group annuity contract are either guaranteed options, called guaranteed funds, or segregated funds.[6]
- Based on information received from CAP providers, where their funds are administered by trust companies or investment dealers, they are generally invested in investment funds which may be subject to securities regulation.

(iii) How many CAP members make their own investment decisions?

- 82% of CAP members have the right to choose how to invest employee contributions and 72% of CAP members have the right to choose how to invest employer contributions.
- 90% of CAPs offering investment choices have 5 or more investment options, with an average of 12 investment options being available to members.
- 80% of CAPs allow members to change their investment selection at any time.
- Just over 50% of CAPs offer some form of investment education to all members, about 50% offer individual counselling for members generally through securities registrants and 39% offer no investment education whatsoever.[7]

From these statistics, we can conclude that the CAP market is large, with a significant number of plan members affected by the current and proposed rules. The majority of CAPs are invested in group insurance contracts. Where the group

3 Kevin Press, "Money Purchase Plan Report 1999" (December, 1999), *Benefits Canada*, 33.

4 Kathryn Dorrell, "2000 Defined Contribution Plan Report" (December, 2000), *Benefits Canada*, 45.

5 William M. Mercer, *Survey of Defined Contribution Plans* (December, 1999). It should be noted that this survey of 206 plans covers defined contribution plans including registered pension plans (both ECDCPPs and "traditional" DCPPs), group RRSPs and DPSPs: Approximately 60% of the plans surveyed administered a defined contribution pension plan.

6 Canadian Life and Health Insurance Association, *Defined Contribution Pension Plan Investment Disclosure Regulation* (November, 1999), 10.

7 The information in the last four bullet points is from the William M. Mercer *Survey of Defined Contribution Plans* (December, 1999). It should be noted that this survey of 206 plans covers defined contribution plans including registered pension plans (both ECDCPPs and "traditional" DCPPs), group RRSPs and DPSPs. Approximately 60% of the plans surveyed administered a defined contribution pension plan.

insurance contract is able to meet the requirements of specific exemptions in securities legislation, the contract issuer is not required to have a prospectus and is not required to use a salesperson registered by securities regulators. Most CAP members are provided several investment choices. The above information also suggests that most members of CAPs are in ECDCPPs or group RRSPs, which are the primary focus of this paper.

IV FUNDAMENTALS OF CURRENT REGULATORY MODELS

This section reviews the fundamentals of pension, securities and insurance regulation, and describes how these principles are currently applied to ECDCPPs and other CAPs. There is also some discussion about why these regimes may not adequately address the public policy concerns arising from CAPs. The application of trust regulation is briefly considered. As well, the fundamentals of the U.S. ERISA regulatory model are reviewed.

(i) The Fundamentals of Pension Regulation

Pension legislation is primarily intended to protect and preserve employees' pensions derived through employment. Provincial and federal pension legislation, in conjunction with the federal income tax requirements, provides the regulatory framework for employer-sponsored registered pension plans.

Pension standards are intended to ensure a minimum level of protection for members and other beneficiaries of pension plans by setting out a comprehensive set of rules governing the operation of pension plans, and establishing a regulator who has the duty and remedial authority to enforce compliance with these rules.

Pension legislation utilizes four fundamental principles to achieve the objective of protecting plan beneficiaries. For each registered pension plan:

- the plan administrator has an overriding fiduciary duty to the plan members with respect to the administration of the plan and investment of the pension fund;
- the plan must satisfy prescribed minimum standards relating to structure and administration;
- the plan must satisfy prescribed minimum requirements regarding the investment of the fund and the ongoing funding of the plan; and
- initial and ongoing disclosure about the plan must be provided to or made accessible to members and other plan beneficiaries, and certain disclosure must also be provided to the regulator to ensure compliance with pension legislation.

(a) Plan Administrators' Fiduciary Duties

Each plan must have a plan administrator, and a plan may only be administered by an administrator as defined in pension legislation. In most pension plans, the employer is the plan administrator, but the plan administrator may also be a pension committee, board of trustees (in the case of multi-employer pension plans), an insurance company if all pension benefits are guaranteed by it, or another agency or board responsible for the plan as prescribed by legislation.

The plan administrator has a statutory fiduciary duty to administer the plan and fund in the best interests of the members and other plan beneficiaries. More specifically, the plan administrator's fiduciary duty includes the obligation to invest the fund assets prudently and in the best interests of plan beneficiaries, using all relevant knowledge and skill in the administration and investment of the fund. The fiduciary duty, "prudent person", knowledge and skill standards imposed on a plan administrator are also applicable to any agents employed by the administrator.

In addition to the statutory duties imposed on a plan administrator and their agents, the common law imposes a high standard of care and overriding fiduciary obligations on a plan administrator and their agents. A plan administrator and their agents are considered fiduciaries under both pension legislation and the common law.[8]

(b) Minimum Standards - Administration of Plan

Each pension plan must have supporting documentation which contains prescribed information including details about the appointment of the plan administrator, the mechanism for establishing and maintaining the pension fund, and how administration costs of the plan and fund are to be handled.

(c) Minimum Standards - Pension Fund

Pension legislation contains a number of rules intended to ensure plans are adequately funded. Plan administrators are required to prepare an investment policy covering the prescribed investment issues (i.e., Statement of Investment Policies and Procedures ("SIP&P")), regularly review the investment policy and invest the assets of the plan in accordance with the investment policy. Moreover, pension legislation contains a number of specific investment restrictions which are designed to ensure pension funds are adequately diversified and managed so as to avoid conflicts of interest.

Plan administrators are also required to regularly prepare and in some cases submit for filing, certain information designed to ensure the adequacy of funding and compliance with minimum standards funding rules (e.g., annual information returns, financial statements, cost certificates and actuarial valuation reports).

(d) Disclosure Standards

Pension legislation imposes several disclosure obligations on plan administrators as a means of ensuring meaningful and ongoing communication about the pension plan, and

[8] In Québec, plans must be administered by a pension committee that acts as trustee and whose mandate is one of full administration. The fiduciary duties of the pension committee are governed by the provisions of the Civil Code of Québec. The Supplemental Pension Plans Act specifies that the pension committee shall exercise the prudence, diligence and skill that a reasonable person would exercise in similar circumstances.

members' benefits and entitlements under the plan. These disclosure obligations include the following requirements:

- plan administrators must provide members and potential members with an explanation or summary of the plan;
- plan administrators must provide members with annual statements that disclose prescribed information, including the rate of interest credited on contributions; and
- plan administrators must make prescribed plan information available for inspection by members and others with an interest in the plan (e.g., a trade union that represents members of the pension plan), including required plan filings such as audited financial statements and annual information returns.

(e) How Pension Principles are Applied to ECDCPPs and other CAPs

The four fundamentals of pension regulation are currently applied to ECDCPPs. However, some of these principles need to be adapted in order to be relevant and useful for plan administrators and members of ECDCPPs. In particular, the disclosure obligations need to be modified to ensure an adequate level of disclosure to members of ECDCPPs to enhance investor protection and enable informed investment decisions.

Plan administrators of ECDCPPs and their agents have a fiduciary duty to administer the plan and fund in the best interests of the plan beneficiaries, and invest the fund prudently, using all reasonable knowledge and skill. However, plan administrators' fiduciary duties for ECDCPPs should be clarified in light of the fact that members also make investment decisions.

Minimum standards regarding the administration and operation of pension plans also apply to ECDCPPs. These plans must contain supporting documentation regarding the appointment of the plan administrator, the establishment and ongoing maintenance of the pension fund, and the handling of administration costs of the plan and fund. Because the various investment options in an ECDCPP may be quite different, and, among other things, the administration costs for the various options may be handled differently, there is a need to clarify the applicable principles for ECDCPPs in this area.

Minimum standards regarding pension funds also apply to ECDCPPs. Plan administrators of these plans are required to prepare a SIP&P, review the SIP&P annually and ensure each of the investment options complies with the SIP&P. Plan administrators of ECDCPPs must also ensure each investment option complies with specific investment restrictions in pension regulation, and regular funding reports in respect of the pension fund are prepared and in some instances filed, with the relevant regulator.

The disclosure principles underlying pension regulation also apply to ECDCPPs. However, current pension disclosure principles require changes to address the more varied investment options available in ECDCPPs. Plan administrators of ECDCPPs are required to provide members and potential members with an explanation or summary of the plan, including investment options, and members must also be provided with annual statements that disclose prescribed information (e.g., total contributions, interest). Members must also be given access to prescribed plan documents and notice of significant changes in the plan such as certain plan amendments, a plan conversion or a plan merger. Because members assume a greater investment risk in ECDCPPs, clear and specific disclosure obligations regarding the investment options are required.

Pension regulation is currently limited to employer-sponsored registered pension plans in most jurisdictions since other CAPs such as group RRSPs, DPSPs and EPSPs are specifically exempt from most pension laws.

(ii) The Fundamentals of Securities Regulation

Securities law governs certain investment products and the way in which such products are sold. If the products are mutual funds, securities law also governs their management.

Securities laws have four broad objectives:

- to ensure that investors have access to the information they need to make informed investment decisions;
- to provide rules of fair play for the markets;
- to establish qualifications and standards of conduct for people registered to advise investors and to trade on their behalf; and
- to protect the integrity of the capital markets and the confidence of investors.

To achieve these objectives, securities laws require that those involved in trading or advising in securities be registered, that any entity issuing securities do so by way of a prospectus, and after the security is issued, that entity must provide ongoing financial disclosure to the investor.

Securities law only addresses consumer education on investing and asset accumulation through the requirement that the registered representative fully inform the investor about their investments, and securities regulators carry out some educational activities as part of their general mandates.

(a) Registration

Unless there is an applicable exemption, anyone that trades in securities or is in the business of advising in securities must be registered. There are a number of registration requirements designed to ensure the proficiency, good character, and financial viability of those involved in trading or advising in securities. Regulators may suspend or revoke registration in appropriate circumstances, thereby removing those who are no longer fit for registration from the capital markets.

Registrants must meet prescribed educational standards, maintain prescribed books and records, maintain a minimum working capital, and comply with all other securities law requirements including rules governing conflicts of interest and disclosure to clients. In addition, registrants have certain duties. These include the duties to act honestly, fairly and in the best interests of the client, to learn all of the essential facts about the client and to recommend only investments that are suitable. In some provinces, registrants also have a positive

duty to advise if they believe a proposed investment is unsuitable for a client.

In addition, certain registrants (i.e., the dealers employing the salespeople) have an obligation to supervise the activity of registered salespeople and advisors. This obligation imposes an additional "check and balance" on the system by ensuring that the activities of the individual dealing with the client are monitored not only by the regulators, but by the dealers who employ them who have more immediate control over their actions.

(b) Disclosure

Unless there is an applicable exemption, those who issue securities must provide the purchaser with a prospectus containing "full, true and plain" disclosure of all material facts about that issuer. The prospectus must be filed in advance with securities regulators, who can refuse to allow an offering of securities to proceed if the disclosure requirements of securities legislation have not been met. Securities legislation also provides investors with rights of rescission and civil remedies for material misrepresentations in a prospectus. These remedies are available whether or not the investor relied upon or even read the prospectus. The securities regime aims to ensure the investor receives a document that contains all available, relevant information about the issuer. It also makes the document's drafters responsible for that information. This enables investors to make informed investment decisions. When certain exemptions are used, the issuer is required to provide the investor with an offering memorandum. While similar to a prospectus, the disclosure in an offering memorandum is to a lower standard; this information is required to be true, and must not omit any facts which would make the information provided incorrect.

Any issuer that has filed a prospectus, including a mutual fund, is also required to provide "continuous disclosure" about its affairs including periodic financial statements and timely disclosure of changes that would affect the market price or value of its securities.[9] Mutual funds must also disclose changes that would be considered important by a reasonable investor in deciding whether to purchase or continue holding the securities of the mutual fund. This information must be disclosed generally to the public, and not only to investors. This public disclosure means that both existing investors and potential investors have information that they can use to decide whether they want to either buy the security or continue to own the security.

(c) Structure and Operation of Investment Funds

Securities legislation generally does not govern how a security or a security issuer must be structured or how they operate. The regulation of "retail" mutual funds is an exception to this general principle. This exception was created because: (i) retail mutual funds are primarily sold to investors who may not have the expertise or interest in doing hands-on investing; (ii) mutual funds are in "continuous distribution"; (iii) mutual funds have the unique characteristic of being redeemable on demand; and (iv) mutual funds engage in a form of advising or investment management, and are not simply security issuers.

As a result, the regulation of mutual funds focuses on:

- ensuring the fund is liquid so that it can meet demands for redemption;
- ensuring the fund has diversified investments so that overall risk is reduced and liquidity is increased;
- conflict of interest rules for fund managers (e.g., prohibition against dealing with parties related to the fund manager); and
- a legislated standard of care that a mutual fund manager must satisfy in its operation of a fund.

(d) How Securities Principles are Applied to ECDCPPs and other CAPs

These fundamentals of securities regulation are currently applicable to ECDCPPs, group RRSPs, DPSPs and EPSPs that offer securities as investments. In particular, the requirement for a prospectus and to sell the security through a registrant apply unless there is an applicable exemption.

In most cases, CAPs are funded by group insurance contracts (i.e., group annuities) or individual variable insurance contracts (IVICs). Where these products meet specific requirements described in securities legislation, they may either be exempt from the definition of security so that securities legislation generally does not apply, or they may qualify for a specific exemption from the requirement to provide a prospectus and sell the product through a registrant.

In some jurisdictions there are other exemptions[10] that may, depending on the facts, be applicable to some ECDCPPs and CAPs. These exemptions are quite narrow; some employers and administrators may have been relying on the exemptions in error.

It has been suggested that ECDCPP investment transactions are exempt from the prospectus and registration requirements of securities legislation since the total amount of the investment is greater than the minimum required under securities legislation. However, investments from a number of investors can be aggregated to meet these thresholds only if a portfolio manager has full managerial discretion over the individual accounts. This is not the case for ECDCPPs because the employee makes the investment decision. Therefore, to the extent that an ECDCPP or other CAP relies on the minimum "sophisticated investor" exemptions and the assumptions of this discussion apply, that reliance is misplaced.

---

9 Specific continuous disclosure requirements vary depending on the jurisdiction. The information provided here is what a "reporting issuer" as defined in various province's securities legislation must generally provide to the public.

10 For example, the "private mutual funds" exemption in some jurisdictions provides a narrow exemption for certain mutual funds. As well, Ontario Securities Commission Rule 32-503, *Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans*, applies to certain trades in securities where the security is sold to a CAP. The latter exemption is technical and narrow, and it should be reviewed carefully before being relied upon.

The existing securities regime requires non-exempt transactions to be conducted through a registrant and the member must be provided with a prospectus for the securities that they purchased within two days of the trade.

At present, it appears that some plan administrators, employers and other third parties who offer investments that fall within the above assumptions, do not comply with these requirements when offering ECDCPPs and other CAPs to members. As a result, members are receiving securities without the protection provided by securities legislation. As well, in most cases, the employee members of these plans do not meet the requirements in the available exemptions. Accordingly, investment transactions involving some ECDCPPs are not in compliance with securities legislation.

(iii) The Fundamentals of Insurance Regulation

Insurance products are contracts between the insurance company and the policyholders. In some cases, the contracts relate to one person (the insured), who may be the policyholder, but the policyholder can be another person that has an insurable interest in the insured person. These are known as individual insurance policies. In other cases the contracts are structured as group insurance policies.

In the case of group insurance, people who benefit from the contract are not the policyholder. An example would be employees under a policy owned by their employer. The contract in this example is under the control of the employer, and the employees are only entitled to benefits under the contract. The employees are considered insured persons and enroll for coverage under the group insurance policy. There are no individual contracts between the employees and the insurance company. The employees are entitled by law to receive a certificate of coverage that must disclose certain information. Licensed agents are not required in order to enroll the employees. Accordingly, there should be some relationship between the policyholder and the insured persons in group insurance to ensure a congruence of interests and stability of the group.

There are advantages and disadvantages of both individual and group insurance. The principal advantage of group insurance is that it can be lower in cost since there are administration and distribution savings. The principal advantage of individual insurance is that the individual controls the contract and it can be more tailored to individual circumstances.

Insurance regulation is largely intended to protect purchasers of insurance contracts. Provincial insurance legislation, and in certain instances, the federal insurance requirements, provide the regulatory framework applicable to insurance companies and insurance contracts.

Insurance legislation ensures a minimum level of protection for purchasers of insurance by setting out detailed rules governing the solvency of insurance companies, and specific requirements regarding the conduct of insurers and their agents during the selling and claims process. Also, insurance legislation establishes a regulator who has the duty and remedial authority to enforce compliance with these rules.

In a typical insurance transaction, a purchaser of insurance enters into a contract with the insurer which sets out the obligations of the insurer and the insured. Insurance regulation uses three fundamental principles to achieve the objective of protecting the insured:

(A)a level of financial security is associated with the insurance promise;

- purchasers of insurance must be treated fairly during the selling process and claims process; and
- insurance advisors must satisfy certain educational and conduct requirements.

(a) The Insurance Promise

The insured party in an insurance contract has the security of knowing that the insurer will make a payment under the contract as long as the insured fulfills its obligations, including the payment of premiums. Through prudential regulation, insurance regulators try to ensure financial viability of insurers so that they have the financial resources to meet the promise to pay. In the event of the failure of an insurance company, there are industry funded compensation plans to pay the obligations to the insured parties, up to set limits.

(b) Fairness

Insurance regulation requires that purchasers of insurance must be treated fairly both in the selling process and the claims process. There are regulations prohibiting unfair, misleading, deceitful and discriminatory acts by insurance companies and insurance advisors.

(c) Competence of Insurance Advisors

Insurance advisors are required to complete educational programs before obtaining a license to ensure they have a minimum level of knowledge about the products they are selling. Complaints against advisors are investigated by regulators and disciplinary action taken where warranted.

(d) How Insurance Principles are Applied to ECDCPPs and other CAPs

There are no provisions in insurance legislation, policies or guidelines in Canada that specifically regulate group ECDCPPs or other group CAPs. Such plans which are administered by life insurance companies must comply with applicable pension standards in the case of ECDCPPs, and where these plans meet specified requirements described in securities legislation, they may either be exempt from the definition of security so that securities legislation generally does not apply, or qualify for a specific exemption under securities legislation from the requirement to provide a prospectus and sell the product through a registrant.

The insurance regime may, however, be applicable to single member ECDCPPs that are funded by way of an individual variable investment contract (IVIC). The requirements for IVICs are incorporated into insurance legislation by way of reference to the IVIC guideline developed by the Canadian Life and Health Insurance Association. This guideline contains detailed provisions to ensure the plain disclosure of material facts, and presumes that the member will understand the

meaning of those facts. These disclosure requirements are not intended to be a source of consumer education on asset accumulation. The IVIC guideline is not applicable to the majority of ECDCPPs which are funded by way of a group insurance contract.

The insurance regime also requires that both individual and group insurance policies contain certain information, including disclosure of the amount or method of determining the amount of insurance money payable, and the conditions under which it becomes payable. Insurance legislation also provides that certificates under group policies disclose the amount or method of determining the amount, of insurance on the group life.

(iv) Trust Regulation

The regulatory regime applicable to trust companies does not specifically deal with the regulation of CAPs. The pension, securities and insurance regimes discussed above, plus any applicable common law fiduciary duties, govern the regulation of CAP funds and the investment information provided to members of CAPs, including those CAPs which are administered by trust companies.

(v) The Fundamentals of the U.S. *Employee Retirement Income Security Act of 1974* ("ERISA")

In the U.S., there have been rules in place regarding investment disclosure to members of defined contribution pension plans for some time. It is useful to examine the ERISA model for purposes of this discussion because:

- U.S. plan administrators in circumstances similar to those of Canadian CAPs have been following ERISA, and their experience could be relevant and useful; and
- Several Canadian CAP providers, particularly insurance companies, currently follow ERISA's lead and provide the same type of information to members of CAPs (including both ECDCPPs and group RRSPs) that is required of U.S. sponsors of defined contribution pension plans under ERISA.

ERISA only deals with defined contribution pension plans, and does not cover other types of CAPs in the U.S.

ERISA provides protection to members through fiduciary duties and minimum standards for investment disclosure.

ERISA also provides relief to plan administrators from

potential liability for the investment choices of their members, if they follow ERISA section 404(c) rules. The following is a summary of those rules:

- Plan administrators, agents, advisors and anyone else exercising discretion over the assets or administration of a plan, have a fiduciary duty to invest and manage plan funds as a prudent person with the appropriate expertise would do, in the best interests of plan participants and beneficiaries, for the exclusive purpose of providing benefits and paying plan expenses. Fiduciaries must also diversify plan investments to minimize the risk of losses, follow the terms of plan documents which are consistent with ERISA and avoid conflicts of interest. (These rules are similar to Canadian pension standards regarding plan administrators' fiduciary duties).

- If the plan participants or beneficiaries exercise independent control over their assets as set out in section 404(c), the plan fiduciaries will be relieved of liability for any losses or breaches that result from the participants' or beneficiaries' investment choices. Fiduciaries are still responsible for selecting and monitoring investment alternatives to ensure that they are prudent and adequately diversified, and monitoring fees and expenses for reasonableness.

- In a plan that does not meet 404(c) standards, fiduciaries do not receive any specific relief from liability for participants' asset allocation decisions.

Detailed regulations under ERISA establish standards to determine whether employees are deemed to have effective control over the investment of their assets under 404(c). For example, in qualifying 404(c) plans, administrators are required to offer at least three diversified core investment alternatives with materially different risk and return characteristics in a reasonable range for the members. Administrators are also required
to permit switching between investment options at least quarterly for each core alternative, and more frequently for more volatile funds.

With respect to investment disclosure, administrators must automatically provide members with certain information prior to investment, including:

- an explanation that the plan is intended to be a 404(c) plan and fiduciaries may be relieved of liability;
- a description of each investment option, including the investment goals, risk and return characteristics;
- information about investment managers;
- information about when participants may give investment instructions, restrictions and penalties relating to fund transfers;
- a description of the type of fees that may be charged to the participants' account; and
- a copy of the most recent prospectus provided to the plan if the investment is subject to securities legislation (this can be given immediately before or after investment).

Administrators must also provide certain information to members upon request, including the following:

- information on the annual operating expenses of each designated investment alternative;
- copies of prospectuses, financial statements or other reports on the investment alternatives which have been provided to the plan;
- asset lists, share or unit values (past and present) and fixed rate investment contract details (if applicable) relating to the investment alternatives; and

- the value of the shares or units held in the particular participant's account.

V THE PROPOSED REGULATORY PRINCIPLES

This section sets out the proposed principles that could form the basis for a regulatory model for CAPs. These principles are largely derived from the current pension, insurance and securities models, and the U.S. ERISA model, as set out in Section IV.

The fundamental principles for the proposed regulatory model are:

(i) Obligations with respect to the establishment and maintenance of a CAP;

(ii) A minimum level of disclosure for new CAP members and continuous disclosure;

(iii) CAP members may either rely on advice provided by a registered sales representative or advisor, or receive and rely upon appropriate investment information from a party that owes fiduciary duties to the members; and

(iv) The investment products or funds must comply with minimum standards (e.g., investment restrictions and practices, valuation/redemptions, and fundamental changes).

The proposed principles seek to clarify some of the fiduciary duties of employers and administrators, creating more certainty for those responsible for CAPs. It is not proposed that plan administrators and employers would be held harmless for investment losses of members, if the principles were followed. The principles are designed to meet the legitimate concerns of employers and administrators that their responsibilities are currently unclear, while ensuring members are reasonably protected. Under the proposals, plan fiduciaries will have clearer obligations, while still having the general duty to act reasonably and prudently with respect to members.

(i) Plan Administrators' or Employers' Fiduciary Duties Regarding the Establishment and Maintenance of a CAP

Plan administrators' or employers' fiduciary duties should specifically include the duty to:

1. Select investment options for members which offer a reasonable range of options with different risk and return characteristics, each of which is diversified;

2. Prudently select, using all relevant knowledge and skill, the investment managers for each investment option;

3. Prudently monitor the performance of the investment managers for each investment option, including setting and monitoring benchmarks for investment performance according to the type of fund, and taking appropriate action where performance is unsatisfactory;

4. Where no prospectus is provided, ensure contracts with a third party provider or investment manager allow the plan administrator or employer to pursue an action on behalf of members for any misrepresentation about the investments; and

5. Allow members reasonable opportunities to switch between investment options without penalty.

(ii) Plan Administrators' or Employers' Fiduciary Duties re: Initial and Continuous Disclosure

Plan administrators' or employers' fiduciary duties include an obligation to provide members and potential members with a summary of the CAP outlining its terms and provisions, and explaining members' rights and obligations under the CAP. The initial disclosure should include:

1. An explanation of the nature of the CAP, and the liability of the plan administrator or employer and members for investments;

2. A description of the investment options available and instructions on how to make investment choices;

3. Information on transfer options, and any applicable transfer penalties or fees;

4. Management and investment fee information for each investment option;

5. Details of fund performance including a discussion of performance against the established benchmarks;

6. The default option if a member fails to make any investment choices;

7. A standardized consumer guide including a "retirement income profile" to educate members about investments; and

8. Directions as to how the member can obtain additional investment information.

Specific information on each investment option should be included in the initial disclosure to CAP members and made available to CAP members during their participation in the plan. This information is necessary to ensure informed investment decisions at the outset and when CAP members switch their investment options. The disclosure for each investment option should include the objective and strategy of the investment option, risk and return characteristics, details on diversification, the name of the investment manager, historical returns, and any other relevant investment information such as voting rights. Alternatively, existing prospectuses (simplified or full) may be provided with a wrapper modifying the terms of the prospectus as appropriate for the particular CAP (e.g., stating that the sections regarding the payment of commissions by purchasers do not apply). Given that CAP members are making investment decisions

which are similar to decisions made by mutual fund investors (i.e., on average they have 12 possible investment options to choose from), simplified prospectuses may serve as a useful guide regarding the type of information expected to assist members in making investment decisions.[11]

Continuous disclosure should include:

1. Annual statements containing information such as the total contributions in each member's account, share/unit value information for each member's account, interest and investment income earned, a listing of transactions in each member's account during the year and any associated fees, annual operating fees for each investment option, share/unit value information for each investment option, and details on how to access other information on the CAP or the investment options;

2. Access to specific information on each investment option, and material change reports on changes in investment options including members' rights or options in respect of the change;

3. Financial statements for each investment option and asset lists of the portfolio of each investment option; and

4. Details of fund performance including a discussion of performance against the established benchmarks.

(iii) Plan Administrators' or Employers' Fiduciary Duties to provide Appropriate Investment Decision-Making Tools to CAP Members

Plan administrators' or employers' fiduciary duties should include the duty to:

1. Ensure that members deal with a registered sales representative or advisor; or

2. Take reasonable steps to ensure members (i) are provided with the recommended initial and continuous investment information discussed above, which should be presented in a manner appropriate for the members; and (ii) receive appropriate assistance with making investment decisions. For example, this may involve reviews of members' investment choices for suitability based on their 'Know Your Client' profile, surveys of members' investment knowledge, or creating a process to allow members' to communicate their investment information needs to the plan administrator or employer, for the purpose of ensuring the effectiveness of the investment material and other assistance provided to members.

[11] Part B of the simplified prospectus, which must be provided to mutual fund investors, includes the following information: organization and management details, fund details, fundamental investment objectives, investment strategies, top ten holdings, risks, suitability, past performance, distribution policy and financial highlights.

(iv) Investment Rules

Each investment option should comply with minimum investment rules designed for CAP investment options, to ensure, among other things, adequate diversification of funds, the avoidance of conflicts of interest and an acceptable level of risk.

Minimum investment rules will ensure that CAP members will be able to withdraw their retirement funds at any time, or change their asset allocation by moving some or all of their funds to other investment options under the CAP. Also, since CAPs are primarily intended to be long term savings vehicles for retirement, there should be minimum standards to ensure that the investment options presented to members are not subject to excessive risks such as those associated with a highly leveraged investment portfolio.

Minimum investment rules should not prevent members of CAPs from having access to a reasonable range of investment options with different investment objectives. On the contrary, a range of investment options is necessary and should be provided. However, given the purpose for which they are investing, CAP members should not be subject to any greater risks than investors in retail mutual funds or segregated funds.

VI CONCLUSION

This paper discusses perceived problems with the current rules, or lack of rules in some cases, regarding investment disclosure to members of CAPs. It then proposes a set of principles that, if implemented, would:

1. Provide similar protections for all members of CAPs, regardless of the investment vehicle (e.g., ECDCPP, group RRSP, and others) and regardless of the type of investment product (e.g., insurance contracts, mutual funds, and others); and

2. Harmonize rules across regulatory jurisdictions.

The proposed principles include new investment rules to apply to investment options not currently regulated under securities law, to ensure an equivalent level of protection for members in all CAPs.

These principles were developed after reviewing the existing legislation applicable to CAPs, and the ERISA investment disclosure rules applicable to defined contribution pension plans in the U.S. The proposed regulatory principles are published here for comment and discussion.

(i) Implementation of the Proposed Regulatory Principles

The paper does not address the method of implementing the proposed principles. As part of the consultation process, and to determine not only appropriate principles but also the most effective method of implementation, the Working Committee is asking for specific comments on this issue. To facilitate this discussion, the following are some possible implementation options for consideration and comment:

1. The industries involved in CAPs could develop harmonized guidelines, together with the Joint Forum, which are then adopted by the applicable regulatory authorities through regulation or rules.

2. Best practices guidelines could be issued by the Joint Forum through its various member regulators. These could be similar to the various best practices guidelines for pension plans issued by the federal Office of the Superintendent of Financial Institutions.

3. The Joint Forum could use the finalized principles to develop stand-alone model legislation for CAPs, or model regulation which could be adopted into regulations, rules, or national policies under the applicable pension, securities and insurance regimes in each jurisdiction.

The Working Committee is also interested in receiving comments proposing any other implementation option that could be utilized by all relevant regulators to create a harmonized regulatory regime.

(ii) Consultation Process

The Joint Forum invites written comments and suggestions regarding any aspect of this consultation paper. In particular, the Joint Forum hopes to hear from interested parties on the following questions:

1. Are the statements in the paper about the existing regulatory environment accurate, in your experience?

2. Are the proposed regulatory principles appropriate and adequate to address the needs of CAP members, plan administrators, employers and regulators?

3. What would be the most effective and practical method of implementing the regulatory principles that emerge from this process?

4. What are the anticipated short-term and long-term costs (in $ and in plan coverage) of implementing the proposed regulatory principles?

Written submissions regarding this report should be sent to:

Carla Adams
c/o Financial Services Commission of Ontario
5160 Yonge Street
17th Floor, Box 85
North York, Ontario M2N 6L9
Facsimile: (416) 226-7880
E-mail: cadams@fsco.gov.on.ca

The Working Committee will consider all submissions received by July 31, 2001.

Questions arising from this consultation paper may be directed to any of the members of the Working Committee, as set out in Appendix A.

APPENDIX A

Sherallyn Miller (Chair & Pension Lead)
Superintendent of Pensions
Pension Standards Branch
360 West Georgia Street, Suite 870
Vancouver, B.C. V6B 6B2

Phone: (604) 775-1348
Fax: (604) 660-6517
Email: sherallyn.miller@gems2.gov.bc.ca

Noreen Bent (Securities Lead)
Senior Legal Counsel, Policy & Legislation
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, B.C. V6Y 1L2

Phone: (604) 899-6741
Fax: (604) 899-6506
Email: nbent@bcsc.bc.ca

Grant Swanson (Insurance Lead)
Director, Licensing and Enforcement Division
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
North York, ON M2N 6L9

Phone: (416) 590-7120
Fax: (416) 590-7070
Email: gswanson@fsco.gov.on.ca

Winston Morris (Insurance Lead)
Superintendent of Pensions & Insurance
Department of Government Services
and Lands
P.O. Box 8700
Confederation Building, 2nd Floor, West Block
St. John's, Newfoundland A1B 4J6

Phone: (709) 729-2571
Fax: (709) 729-4151
Email: wmorris@mail.gov.nf.ca

Paul Dempsey
Assistant Manager
Investment Funds, Capital Markets
Ontario Securities Commission
20 Queen Street West, Suite 800
Toronto, ON M5H 3S8

Phone: (416) 593-8091
Fax: (416) 593-8240
Email: pdempsey@osc.gov.on.ca

Rebecca Cowdery
Manager
Investment Funds, Capital Markets
Ontario Securities Commisson
20 Queen Street West, Suite 800
Toronto, ON M5H 3S8

Phone: (416) 593-8129
Fax: (416) 593-8240
Email: rcowdery@osc.gov.on.ca

Nurez Jiwani
Director
Policy and Communications Branch
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
North York, ON M2N 6L9

Phone: (416) 590-8478
Fax: (416) 590-7070
Email: njiwani@fsco.gov.on.ca

Roger Smithies
Senior Manager
Pension Policy Unit
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
North York, ON M2N 6L9

Phone: (416) 226-7843
Fax: (416) 226-7775
Email: rsmithie@fsco.gov.on.ca

Dave Wild
Superintendent of Pensions
Pension Benefits Branch
Saskatchewan Justice
1871 Smith Street, 1st Floor
Regina, SK S4P 3V7

Phone: (306) 787-2458
Fax: (306) 787-9779
Email: dwild@justice.gov.sask.ca

Wayne Alford
Legal Counsel
Alberta Securities Commission
300-5th Avenue S.W.
Calgary, AB T2P 3C4

Phone: (403) 297-2092
Fax: (403) 297-6156
Email: wayne.alford@seccom.ab.ca

Ann Leduc
Direction de la recherche et du développement des marchés
Commission des valeurs mobiliéres du Québec
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montreal, PQ H4Z 1G3

Phone: (514) 940-2199
Fax: (514) 864-6381
Email: ann.leduc@cvmq.com

Norman Laverty
Superintendent of Pensions
Department of Labour
P.O. Box 6000
Fredericton, New Brunswick E3B 3P9

Phone: (506) 453-2055
Fax: (506) 453-3806
Email: norman.laverty@gnb.ca

Carla Adams
Policy Manager (Acting)
CAPSA Secretariat
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
North York, ON M2N 6L9

Phone: (416) 226-7773
Fax: (416) 226-7880
Email: cadams@fsco.gov.on.ca

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

Trans. Date	Security	Price ($)	Amount
24Apr01	Emera Incorporated - Collateralized Promissory Notes due April 24, 2006	$10,000,000	$1
01Feb01 to 01Apr01	Friedberg Equity-Hedge Fund - Class B Units	919,231	46,140
31Aug00	Gateway Telecom Canada Inc. - Units	1,000,000	1,000
22Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	15,560	145
30Mar01	MAPLE KEY Market Neutral LP - Limited Partnership Units	10,152,510	10,152,510
01May01	Miza Pharmaceuticals, Inc. - Common Shares	11,116,000	1,873
23Apr01	Oxylene Corporation - Common Shares	231,000	300,000
01May01	Ripped Canada Artists Inc. - Common Shares	150,000	750,000
10Jan01	Royal Trust Company, The - Units	39,084,355	1,115,458
17Jan01	Royal Trust Company, The - Units	5,916,558	176,290
24Jan01	Royal Trust Company, The - Units	4,741,706	190,527
03Jan01	Royal Trust Company, The - Units	573,267	25,148
31Jan01	Royal Trust Company, The - Units	5,035,776	147,158
07Feb01	Royal Trust Company, The - Units	5,808,805	188,416
14Feb01	Royal Trust Company, The - Units	3,820,762	158,232
21Feb01	Royal Trust Company, The - Units	3,259,094	91,246
28Feb01	Royal Trust Company, The - Units	1,942,220	81,650
07Mar01	Royal Trust Company, The - Units	3,719,780	87,007
14Mar01	Royal Trust Company, The - Units	2,429,814	66,127
21Mar01	Royal Trust Company, The - Units	1,179,531	35,846
28Mar01	Royal Trust Company, The - Units	2,074,743	55,117
02Jan01 to 30Mar01	RTCM American Equity Fund - Pooled Fund Units	2,481,772	146,484
02Jan01 to 30Mar01	RTCM American Balanced Capped Fund - Pooled Fund Units	1,993,357	209,506
02Jan01 to 30Mar01	RTCM Balanced Fund - Pooled Fund Units	18,681,058	1,101,653
02Jan01 to 30Mar01	RTCM Bond Fund - Pooled Fund Units	59,355,082	6,874,436
02Jan01 to 30Mar01	RTCM Canada Plus Equity Fund - Pooled Fund Units	7,909,443	466,131

Trans. Date	Security	Price ($)	Amount
02Jan01 to 30Mar01	RTCM Canadian Equity Capped Fund - Pooled Fund Units	26,098,621	2,818,025
02Jan01 to 30Mar01	RTCM Canadian Income Fund - Pooled Fund Units	338,193	34,075
02Jan01 to 30Mar01	RTCM Canadian Equity Fund - Units	249,961,987	2,317,116
02Jan01 to 30Mar01	RTCM Conventional Mortgage Fund - Pooled Fund Units	248,819	30,233
02Jan01 to 30Mar01	RTCM Diversified Fund - Pooled Fund Units	2,428,254	144,288
02Jan01 to 30Mar01	RTCM Emerging Technologies Fund - Pooled Fund Units	700,000	70,546
02Jan01 to 30Mar01	RTCM Global Bond Fund - Pooled Fund Units	414,016	40,174
02Jan01 to 30Mar01	RTCM Global Equity Fund - Pooled Fund Units	2,157,925	151,875
02Jan01 to 30Mar01	RTCM Government of Canada Money Market Fund - Pooled Fund Units	6,875,663	387,566
02Jan01 to 30Mar01	RTCM International Equity Fund - Pooled Fund Units	35,038,949	632,644
02Jan01 to 30Mar01	RTCM Money Market Fund - Pooled Fund Units	81,694,115	8,169,411
02Jan01 to 30Mar01	RTCM Small Capitalization Fund - Pooled Fund Units	14,303,631	937,953
02Jan01 to 30Mar01	RTCM U.S. Equity Growth Fund - Pooled Fund Units	7,586,908	109,430
02Jan01 to 30Mar01	RTCM U.S. Equity Value Fund - Pooled Fund Units	5,977,797	109,780
15Feb01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	106,880	790
16Feb01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	4,170,612	39,693
20Feb01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units	57,981	518
26Feb01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	288,299	2,522
23Feb01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	146,632	1,335
19Feb01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units	227,441	1,909
13Feb01	Russell Canadian Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	36,785	272
12Feb01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifpoints Balanced Growth Fund - Units	140,203	1,157
14Feb01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	114,415	993
21Feb01	Russell Canadian Equity Fund, Russell Fixed Income Fund, Russell US Equity Fund - Units	1,194	8
26Feb01	Russell Overseas Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	100,960	941
23Feb01	Russell Overseas Equity Fund, Russell US Equity Fund - Units	1,550	12

Trans. Date	Security	Price ($)	Amount
21Feb01	Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	3,941	36
01May01	SynX Pharma Inc. - Special Warrants	19,265,001	2,752,143
09Apr01	Tricon Global Restaurants, Inc. - 8.875% Senior Notes due April 15th, 2011	6,242,307	4,000,000
30Mar01	United Mexican States - 8.125% Global Bonds due 2019	US$216,270	US$243,000

Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23)

Seller	Security	Amount
Fonds de solidarite des travailleurs du Quebec (F.T.Q.)	BioCapital Biotechnology and Healthcare Fund - Mutual Fund Units	949,956
Buhler, John	Buhler Industries Inc. - Common Shares	152,600
1234512 Ontario Inc.	CDI Education Corporation - Common Shares	200,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	19,765, 100,000 Resp.
Les investissements Maba Inc.	Cossette Communication Group Inc. - Subordinate Voting Shares	13,223
Communication Mens Sana Incorporee	Cossette Communication Group Inc. - Subordinate Voting Shares	15,478
Estill, Glen R.	EMJ Data Systems Ltd. - Common Shares	39,000
Estill James A.	EMJ Data Systems Ltd. - Common Shares	21,900
Estill Holdings Limited	EMJ Data Systems Ltd. - Common Shares	1,244,700
Bhayana, Madan	INSCAPE Corporation - Class A Shares	500,000
963037 Ontario Limited	Jetcom Inc. - Common Shares	600,000
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,893,700
Mourin, Stanley	Western Troy Capital Resources Inc. - Common Shares	60,000

This Page Intentionally left blank

Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

This Page Intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
BioEnvelop Technologies Corporation
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated May 2nd 2001
Mutual Reliance Review System Receipt dated May 3rd, 2001
Offering Price and Description:
$5,0000,000 to $8,000,000 - * to * Class "A" Shares @ $ * per Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation

Promoter(s):
Nagui Naoum
Stephan Cretier
Project #352382

Issuer Name:
Canada Life Financial Corporation
The Canada Life Assurance Company
Canada Life Capital Corporation Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Shelf Prospectus dated May 2nd, 2001
Mutual Reliance Review System Receipt dated May 4th, 2001
Offering Price and Description:
$1,500,000,000 - Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #352739, 352745 & 352751

Issuer Name:
Canadian Hydro Developers, Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated May 1st, 2001
Mutual Reliance Review System Receipt dated May 2nd, 2001
Offering Price and Description:
$5,590,800 Common Shares and 2,795,400 Warrants issuable upon the exercise of previously issued
Special Warrants and 842,050 Common Shares issuable on a Flow-Through Basis upon
the exercise of previously issued Special Warrants
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
FirstEnergy Capital Corp.
TD Securities Inc.
Promoter(s):
-
Project #352390

Issuer Name:
Cognicase Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated May 8th, 2001
Mutual Reliance Review System Receipt dated May 9th, 2001
Offering Price and Description:
$28,875,000 - 3,500,000 Common Shares @ $8.25 per Common Share
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #354046

Issuer Name:
Crystal Balanced Momentum Fund
Crystal Wealth Momentum Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 7th, 2001
Mutual Reliance Review System Receipt dated May 9th, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):
Crystal Wealth Management System Limited
Promoter(s):
-
Project #353801

Issuer Name:
Freehold Royalty Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 2nd, 2001
Mutual Reliance Review System Receipt dated May 2nd, 2001
Offering Price and Description:
$31,845,000 - 3,300,000 Trust Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #352482

Issuer Name:
Merrill Lynch Financial Assets Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form PREP Prospectus dated May 7th, 2001
Mutual Reliance Review System Receipt dated May 7th, 2001
Offering Price and Description:
$221,990,000 (Approximate) Commercial Mortgage Pass-Through Certificates, Series 2001-Canada 5
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.

Promoter(s):
-
Project #353413

Issuer Name:
Middlefield U.S. Equity Class
Middlefield Canadian Balanced Class
Middlefield Global Technology Class
Middlefield Alternative Energy Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 8th, 2001
Mutual Reliance Review System Receipt dated May 9th, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):
Middlefield Securities Limited
Promoter(s):
-
Project #354004

Issuer Name:
Nexen Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated May 8th, 2001
Mutual Reliance Review System Receipt dated May 9th, 2001
Offering Price and Description:
$500,000,000 - Debt Securities (unsecured)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #354071

Issuer Name:
Tan Range Exploration Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 2nd, 2001
Mutual Reliance Review System Receipt dated May 4th, 2001
Offering Price and Description:
$2,350,000 - 5,875,000 Common Shares and 2,937,500 Warrants issuable upon the exercise of 5,875,000 Special Warrants and 46,266 Common Shares issuable to the Agents
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #352984

Issuer Name:
The Toronto-Dominion Bank
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated May 8th, 2001
Mutual Reliance Review System Receipt dated May 8th, 2001
Offering Price and Description:
$3,000,000,000 - Medium Term Notes (subordinated indebtedness)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #353813

Issuer Name:
Westport Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 2nd, 2001
Mutual Reliance Review System Receipt dated May 2nd, 2001
Offering Price and Description:
$25,625,000 - 2,500,000 Common Shares @ $10.25 per Common Shares
Underwriter(s) or Distributor(s):
Raymond James Ltd.
TD Securities Inc.
Promoter(s):
-
Project #352472

Issuer Name:
Desjardins Money Market Fund
Desjardins Mortgage Fund
Desjardins Bond Fund
Desjardins Balanced Fund
Desjardins Quebec Fund
Desjardins Diversified Secure Fund
Desjardins Diversified Moderate Fund
Desjardins Diversified Audacious Fund
Desjardins Diversified Ambitious Fund
Desjardins Select Balanced Fund
Desjardins Ethical Income Fund
Desjardins Ethical Balanced Fund
Desjardins Dividend Fund
Desjardins Equity Fund
Desjardins Environment Fund
Desjardins Growth Fund
Desjardins High Potential Sectors Fund
Desjardins Select Canadian Fund
Desjardins Wordlwide Balanced Fund
Desjardins American Market Fund
Desjardins International Fund
Desjardins International RSP Fund
Desjardins Europe Fund
Desjardins Asia/Pacific Fund
Desjardins Global Science and Technology Fund
Desjardins Select American Fund
Desjardins Select Global Fund
Desjardins Ethical North American Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus and Annual Information Form dated
February 27th, 2001 Amending and Restating the Simplified Prospectus and Annual
Information Form dated January 12th, 2001.
Mutual Reliance Review System Receipt dated 9th day of April, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #310218

Issuer Name:
PERIGEE AXIS CASH FUND
PERIGEE T-PLUS FUND
PERIGEE INCOME FUND
PERIGEE INDEX PLUS BOND FUND
PERIGEE ACTIVE BOND FUND
PERIGEE GLOBAL BOND FUND
PERIGEE ACCUFUND
PERIGEE SYMMETRY BALANCED FUND
PERIGEE DIVERSIFUND
PERIGEE CANADIAN VALUE EQUITY FUND
PERIGEE CANADIAN SECTOR EQUITY FUND
PERIGEE NORTH AMERICAN EQUITY FUND
PERIGEE U.S. EQUITY FUND
LEGG MASON U.S. VALUE FUND
PERIGEE INTERNATIONAL EQUITY FUND
PERIGEE CANADIAN AGGRESSIVE GROWTH EQUITY FUND
PERIGEE PRIVATE CLIENT BOND PORTFOLIO
PERIGEE PRIVATE CLIENT BALANCED PORTFOLIO
PERIGEE PRIVATE CLIENT CANADIAN EQUITY PORTFOLIO
PERIGEE PRIVATE CLIENT U.S. EQUITY PORTFOLIO
PERIGEE PRIVATE CLIENT INTERNATIONAL PORTFOLIO
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus and Annual Information Form dated
March 29th, 2001 Amending and Restating the Simplified Prospectus
and Annual Information Form dated October 10th, 2000.
Mutual Reliance Review System Receipt dated 3rd day of May, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #295420

Issuer Name:
EPCOR Utilities Inc.
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated April 19th, 2001 to Short Form Prospectus dated June 14th, 2000
Mutual Reliance Review System Receipt dated 20th day of April, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #274910

Issuer Name:
Zweig Global Balanced Fund
Zweig Strategic Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 27th, 2001 to Simplified Prospectus and Annual Information Form
dated August 25th, 2000
Mutual Reliance Review System Receipt dated 7th day of May, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #270862

Issuer Name:
Canada Dominion Resources Limited Partnership VII
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 2nd, 2001
Mutual Reliance Review System Receipt dated 3rd day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Trilon Securities Corporation
Promoter(s):
Canada Dominion Resources VII Corporation
StrategicNova Alternative Investment Products Inc.
Hutton Capital Corporation
Project #344239

Issuer Name:
Aliant Telecom Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Shelf Prospectus dated April 27th, 2001
Mutual Reliance Review System Receipt dated 2nd day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Promoter(s):
-
Project #339643

Issuer Name:
AT&T Canada Inc.
Type and Date:
Final Short Form Prospectus dated May 3rd, 2001
Receipt dated 4th day of May, 2001

Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #347494

Issuer Name:
Barrick Gold Corporation
Barrick Gold Finance Inc.
Type and Date:
Final Short Form Shelf Prospectus dated May 7th, 2001
Receipt dated 8th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #348484, 348487

Issuer Name:
Finning International Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Shelf Prospectus dated May 4th, 2001
Mutual Reliance Review System Receipt dated 7th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #349889

Issuer Name:
Freehold Royalty Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 9th, 2001
Mutual Reliance Review System Receipt dated 9th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #352482

Issuer Name:
The Jean Coutu Group (PJC) Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated May 7th, 2001
Mutual Reliance Review System Receipt dated 7th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #349985

Issuer Name:
Westport Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 9th, 2001
Mutual Reliance Review System Receipt dated 9th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Raymond James Ltd.
TD Securities Inc.
Promoter(s):
-
Project #352472

Issuer Name:
Wi-LAN Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 7th, 2001
Mutual Reliance Review System Receipt dated 7th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
-
Project #350053

Issuer Name:
Janus American Value Fund
Janus American Discovery Fund
Janus RSP American Value Fund
Janus RSP American Discovery Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus and Annual Information Form dated
October 27th, 2000
Withdrawn 2nd day of May, 2001

Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #307831

Issuer Name:
Critical Telecom Corp.
Principal Regulator - Saskatchewan
Type and Date:
Preliminary Prospectus dated October 30th 2000
Closed 26th day of April, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #308270

This Page Intentionally left blank

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Weiss, Peck & Greer, LLC c/o 152928 Canada, Inc. Attention: Jennifer Northcote 5300 Commerce Court West 199 Bay Street Toronto ON M5L 1B9	International Adviser Investment Counsel & Portfolio Manager	May 04/01
New Registration	Platinum Wealth Management Inc. Attention: John Patrick Charles Farrell 380 Wellington St., Suite 201 London ON N6A 5B5	Investment Counsel & Portfolio Manager	May 02/01
Change in Category	Norlyn Financial Group Inc. Attention: Normand Gauthier 3243 Dovetail News Mississauga ON L5L 5G8	From: Securities Dealer To: Mutual Fund Dealer	May 02/01
New Recognition	Jefferson Partners Technology Fund, L.P. 77 King Street West Suite 4010, Box 136 Royal Trust Tower, TD Centre Toronto ON M5K 1H1	Exempt Purchaser	May 03/01

This Page Intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

This Page Intentionally left blank

Chapter 25

Other Information

25.1.1 Securities

TRANSFER WITHIN ESCROW

COMPANY NAME	DATE	FROM	TO	NO. AND TYPE OF SHARES
Delta Systems, Inc.	May 3, 2001	Fatehali T. Dharssi	Fatehali T. Dharssi (2000) Long Term Trust	192,150 common shares

This Page Intentionally left blank

Index